SIXTH SUPPLEMENT DATED 18 JULY 2022 TO THE BASE PROSPECTUS DATED 30 SEPTEMBER 2021

NOMURA

NOMURA BANK INTERNATIONAL PLC

USD4,100,000,000

NOTE, WARRANT AND CERTIFICATE PROGRAMME

This supplement (the **Supplement**) to the Base Prospectus (the **Base Prospectus**) dated 30 September 2021, as previously supplemented by a supplement dated 12 November 2021 (the **First Supplement**), a supplement dated 22 December 2021 (the **Second Supplement**),a supplement dated 22 February 2022 (the **Third Supplement**), a supplement dated 14 March 2022 (the **Fourth Supplement**) and a supplement dated 13 May 2022 **(**the **Fifth Supplement**, and together with the First Supplement, the Second Supplement, the Third Supplement and the Fourth Supplement, the **Prior Supplements**), which comprises a base prospectus for the purposes of the Prospectus Regulation, constitutes a supplement to the Base Prospectus for the purposes of (i) Article 23(1) of the Prospectus Regulation and (ii) Part IV of the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities (the **Prospectus Act**) and is prepared in connection with the Note, Warrant and Certificate Programme (the **Programme**) of Nomura Bank International plc (the **Issuer**). The Base Prospectus may also constitute "listing particulars" for the purposes of listing on the Global Exchange Market and, for such purposes, does not constitute a "prospectus" for the purposes of the Prospectus Regulation. For the purpose of such "listing particulars" this Supplement constitutes "supplementary listing particulars". Terms defined in the Base Prospectus, have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus and the Prior Supplements.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as Irish competent authority under the Prospectus Regulation. The Central Bank only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer or Guarantor or the quality of the Securities. Investors should make their own assessment as to the suitability of investing in the Securities. Such approval relates only to the Non-Exempt Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) or other regulated markets for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU as amended) or which are to be offered to the public in a Member State of the European Economic Area. This Supplement has also been approved as supplementary listing particulars by Euronext Dublin. This Supplement has also been approved by the Luxembourg Stock Exchange under Part IV of the Prospectus Act.

Each of the Issuer, Nomura Holdings, Inc. (the **NHI Guarantor**) and Nomura Securities Co., Ltd. (the **NSC Guarantor** and, together with the NHI Guarantor, the **Guarantors**, and each a **Guarantor**) accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each of the Issuer and the Guarantors, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

1. PURPOSE OF THIS SUPPLEMENT

The NHI Guarantor has recently published a United States Securities and Exchange Commission Form 20-F filing dated 24 June 2022 for the financial year ended 31 March 2022 (the **NHI Guarantor's Form 20-F**).

The NSC Guarantor has recently published audited non-consolidated financial statements for the financial year ended 31 March 2021 including the auditor's report (the **NSC Guarantor’s Annual Financial Statements**).

The Risk Factors relating to the Nomura Group detailed under the sub-category headed "Risks relating to the Nomura Group" contained on pages 30 to 45 of the Base Prospectus shall be updated and replaced by the information set out in the Annex to this Supplement as detailed in paragraph 4 below.

The Terms and Conditions of the N&C Securities as contained on pages 223 to 357 of the Base Prospectus shall be amended as set out at paragraph 5 below.

The purpose of this Supplement is to (a) incorporate by reference the NHI Guarantor's Form 20-F, (b) incorporate by reference the NSC Guarantor’s Annual Financial Statements, (c) amend the Risk Factors relating to the Nomura Group, (d) amend the Terms and Conditions of the N&C Securities and (e) update the material adverse change statement in relation to the NHI Guarantor.

2. PUBLICATION OF THE NHI GUARANTOR'S FORM 20-F

The NHI Guarantor has recently published the NHI Guarantor's Form 20-F.

A copy of the NHI Guarantor's Form 20-F is available at:

https://www.nomuraholdings.com/investor/library/sec/20f/220627/220627_e.pdf

By virtue of this Supplement, the NHI Guarantor's Form 20-F is incorporated by reference in, and forms part of, the Base Prospectus.

3. PUBLICATION OF THE NSC GUARANTOR’S ANNUAL FINANCIAL STATEMENTS

The NSC Guarantor has recently published the NSC Guarantor's Annual Financial Statements.

A copy of the NSC Guarantor's Annual Financial Statements is available at:

https://www.nomuranow.com/portal/site/login/en-gb/resources/upload/NSC-s-Financial-Information-NSC-s-audited-non-consolidated-annual-financial-statements-for-the-year-ended-31-March-2022.pdf

4. AMENDMENT OF THE RISK FACTORS

The Risk Factors relating to the Nomura Group detailed under the sub-category headed "Risks relating to the Nomura Group" contained on pages 30 to 45 of the Base Prospectus shall be deemed updated and replaced with the Risk Factors in the Annex to this Supplement.

5. AMENDMENT OF THE TERMS AND CONDITIONS OF THE N&C SECURITIES

The following new sub-condition 8.14 shall be added to Condition 8 (*Redemption, Purchase, Administrator/Benchmark Events and Inconvertibility Event*) of the English-law governed N&C Securities Conditions on page 289 of the Base Prospectus immediately following the existing Condition 8.13 (*Inconvertibility Event*):

"**8.14 Additional Redemption Right**

The Issuer and any Securityholder may from time to time enter into separate redemption arrangements with respect to the N&C Securities. In this case, the Issuer and any such Securityholder may from time to time agree that the Issuer will redeem some or all of the N&C Securities held by such Securityholder on any date (each an **Additional Redemption Date**) at such price per Security, adjusted for any sales commission or other costs as may be agreed (such amount an **Additional Redemption Amount**). In each such case the Issuer will on the relevant Additional Redemption Date redeem each relevant N&C Security as agreed with the Securityholder at the relevant Additional Redemption Amount. All such redeemed N&C Securities will forthwith be cancelled pursuant to N&C Securities Condition 8.10 (*Cancellation*). For the avoidance of doubt in relation to any such redemption the provisions of N&C Securities Condition 8.9 (*Purchases*) do not apply."

6. UPDATE OF THE MATERIAL ADVERSE CHANGE STATEMENTS

There has been no material adverse change in the prospects of the Issuer since 31 March 2021. There has been no material adverse change in the prospects of the NHI Guarantor or the NSC Guarantor since 31 March 2022.

7. GENERAL

All references to pages in this Supplement are to the original unsupplemented Base Prospectus, notwithstanding any amendments described herein.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement and the Prior Supplements, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Regulation except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

ANNEX

4. Risks relating to the Nomura Group

In this Document, the term "Nomura Group" describes the NHI Guarantor (or "NHI") and its consolidated subsidiaries, including the Issuer and the NSC Guarantor (or "NSC"), each of which is a wholly owned subsidiary of the NHI Guarantor. Any factors which affect the financial condition and/or creditworthiness of the NHI Guarantor may have a direct or indirect impact upon the financial condition and/or creditworthiness of other entities within the Nomura Group, including the Issuer and the NSC Guarantor. Accordingly, risks identified in this "*Risks relating to the Nomura Group*" section relating to the NHI Guarantor should, unless the context requires otherwise, be construed as potentially applying also to all other entities within the Nomura Group including, in particular, the Issuer and the NSC Guarantor.

The Nomura Group's business may be materially affected by financial markets, economic conditions and market fluctuations in Japan and elsewhere around the world

The Nomura Group's business and revenues may be affected by any adverse changes or volatility in the Japanese and global economic environments and financial markets. In addition, not only purely economic factors but also wars, acts of terrorism, economic or political sanctions, pandemics, forecasts of geopolitical risks and geopolitical events which have actually occurred, natural disasters or other similar events could have an effect on the financial markets and economies of each country. If any adverse events including those discussed above were to occur, a market or economic downturn may last for a long period of time, which could adversely affect the Nomura Group's business and can result in it incurring substantial losses. In addition to conditions in financial markets, social conditions such as the long-term trends of population ageing and population decline faced by Japan are expected to continue to put downward pressure on demand in the businesses in which the Nomura Group operates, including, in particular, its retail business. The following are certain risks related to the financial markets and economic conditions for the Nomura Group's specific businesses.

Governmental fiscal and monetary policy changes in Japan, or in any other country or region where the Nomura Group conducts business may affect its business, financial condition and results of operations

The Nomura Group engages in its business globally through domestic and international offices. Governmental fiscal, monetary and other policy changes in Japan, or in any other country or region where the Nomura Group conducts business may affect its business, financial condition and results of operations. In addition, any changes to the monetary policy of the Bank of Japan or central banks in major economies worldwide, which could potentially be followed by volatility of interest rate or yields may negatively affect the Nomura Group's ability to provide asset management products to its clients as well as the Nomura Group's and its clients' trading and investment activities, for example by decreased returns for fixed income products in the prolonged low interest rate environment in Japan.

The COVID-19 pandemic has affected the Nomura Group's business, clients and employees and this may continue in the future

The COVID-19 pandemic that began in 2020, and governmental measures to prevent its spread, have significantly affected the operating environment, for example causing volatility in global equity prices, interest rates and elsewhere and a widening of credit spreads. Government responses to the pandemic, such as lockdowns on buildings and cities, or curfews or other restrictions on movement in areas affected by the pandemic, continue to occur. In response to such measures, the Nomura Group has implemented robust arrangements for its employees to work remotely. However, these measures may not be successful or sufficient, and may cause additional risks, such as challenges in supervision over employees working remotely or increased risk of cyberattacks. Additionally, new strains or variants may arise, leading governments to impose new or additional restrictions which may impact societal and economic functions and adversely affect the Nomura Group's business and results of operations and financial condition. While the spread or impact of the disease may gradually subside as vaccination efforts progress, ongoing negative effects on markets, economic activity or the operating environment could further adversely affect the Nomura Group's business, results of operations and financial condition.

The consequences of Brexit may adversely affect the Nomura Group’s business on various fronts

On 31 January 2020, the United Kingdom (**UK**) withdrew from the European Union (**EU**) under the Withdrawal Agreement between the UK and the EU (**Brexit**),followed by a 12 month transition period during which the rules and regulations of the EU continued to apply to the UK up to 31 December 2020. Although the UK and EU entered a trade and cooperation agreement (the **Trade and Cooperation Agreement**) governing their new relationship, such agreement does not comprehensively address the financial industry, and there continues to be uncertainty as to the longer term consequences that Brexit may have on the Nomura Group’s business.

Prior to Brexit, the Nomura Group conducted business in Europe primarily through Nomura International plc (**NIP**), its broker-dealer arm established in London, as its regional hub; but following the end of the transition period, the Nomura Group moved to a structure that provides client-facing services and other services centered on Nomura Financial Products Europe GmbH (**NFPE**), its licensed broker-dealer in Germany. Although the Nomura Group is taking various measures to manage the risks associated with Brexit and to mitigate the impacts of uncertainty in the market as a whole, further developments including further adjustments to the operating boundaries between the UK and EU may adversely affect the Nomura Group's business, results of operations and financial condition.

The Nomura Group's brokerage and asset management revenues may decline

A market downturn could result in a decline in the revenues generated by the Nomura Group's brokerage business because of a decline in the volume and value of securities that the Nomura Group brokers for its clients. Also, within the Nomura Group's asset management and investment management business, in most cases, the Nomura Group charges fees for managing its clients' portfolios that are based on the market value of their portfolios. A market downturn that reduces the market value of the Nomura Group's clients' portfolios may increase the amount of withdrawals or reduce the amount of new investments in these portfolios, and would reduce the revenue the Nomura Group receives from these businesses. Also, any changes in the Nomura Group's clients' investment preferences on their asset portfolios, including shifting investment assets to stable assets such as deposits and/or passive funds, which bring relatively low fee revenue, may reduce the Nomura Group's revenue as well. A market downturn or a change in investor preferences as described above may adversely affect the financial performance of the Nomura Group and the market perception thereof. In turn, this could have an adverse impact on the demand (if any) for the Securities in the secondary market.

The Nomura Group's investment banking revenues may decline

Changes in financial or economic conditions would likely affect the number and size of transactions for which the Nomura Group provides securities underwriting, financial advisory and other investment banking services. The Nomura Group's investment banking revenues, which include fees from these services, are directly related to the number and size of the transactions in which the Nomura Group participates and would therefore decrease if there are financial and market changes unfavourable to its investment banking business and its clients.

For example, net revenue from the Nomura Group's investment banking activities declined during the year ended 31 March 2020 compared to the year ended 31 March 2019 primarily due to a market downturn from February 2020 as a result of the COVID-19 pandemic. While the Nomura Group's investment banking net revenues have increased during the year ended 31 March 2021 and 2022, M&A activities and other investment banking activities are expected to continue to be negatively impacted by the pandemic for the foreseeable future.

Any such decrease in the Nomura Group's investment banking revenues may have an adverse impact on the Nomura Group's financial performance, which could in turn adversely affect the value of the Securities. Ultimately, a sustained decrease in investment banking revenues caused by severe and continuing changes in financial or economic conditions may adversely affect the creditworthiness of the Issuer and, as a result, increase the risk that the Issuer will be unable to meet its obligations in respect of the Securities.

The Nomura Group's electronic trading business revenues may decline

Electronic trading is essential for the Nomura Group's business in order to execute trades faster with fewer resources. Utilising these systems allows the Nomura Group to provide an efficient execution platform and on-line content and tools to its clients via exchanges or other automated trading facilities. Revenue from the Nomura Group's electronic trading, which includes trading commissions and bid-offer spreads, is directly correlated with the number and size of the transactions in which the Nomura Group participates. Competition in electronic trading is intense and the introduction of highly discounted or no-commission trades at competitors has and will continue to exert pressure on the Nomura Group's electronic and traditional trading revenue. Moreover, such revenue would decrease if there are financial market or economic changes that would cause its clients to trade less frequently or in a smaller amounts. Even if trade volumes increase due to the convenience of electronic trading, this may not be sufficient to offset margin erosion in the Nomura Group's execution business, leading to a potential decline in revenue generated from this business. The Nomura Group continues to invest in developing technologies to provide an efficient trading platform; however, the Nomura Group may fail to maximise returns on these investments due to this increased pressure on lowering margins. Increased competition and/or reduced demand for electronic trading services as described above may adversely affect those areas of the Nomura Group's business that rely on such services to generate sales and revenue. Over time this could have a negative impact on the Nomura Group's financial performance more broadly, which may adversely affect the value of the Securities.

The Nomura Group may incur significant losses from its trading and investment activities

The Nomura Group maintains trading and investment positions in fixed income, equity and other markets, both for proprietary purposes and for the purpose of facilitating its clients' trades. The Nomura Group's positions consist of various types of assets, including securities, derivatives transactions with equity, interest rate, currency, credit and other underliers, as well as loans and reverse repurchase agreements. Fluctuations in the markets where these assets are traded can adversely affect the value of the Nomura Group's positions, in these assets, with downturns potentially negatively affecting long positions and upturns potentially negatively affecting short positions. Although the Nomura Group continues to mitigate these position risks with a variety of hedging techniques, it may also incur losses if the value of these assets fluctuate or if the financial system is overly stressed and the markets move in a way it has not anticipated.

The Nomura Group's businesses have been, and may continue to be, affected by changes in market volatility levels. Certain of the Nomura Group's trading businesses such as those engaged in trading and arbitrage opportunities depend on market volatility to generate revenues. Lower volatility may lead to a decrease in business opportunities which may affect the results of operations of these businesses. On the other hand, while higher volatility can increase trading volumes and spreads, it also increases risk as measured by Value-at-Risk (**VaR**) and may expose the Nomura Group to higher risks in connection with its market-making and proprietary businesses. Higher volatility can also cause the Nomura Group to reduce the outstanding positions or size of these businesses in order to avoid increasing its VaR.

For example, in March 2021, following the default of a U.S. prime brokerage client in respect of a margin call (the **U.S. Prime Brokerage Event**), the Nomura Group issued a close-out event notice to such client, and proceeded to wind down positions held as hedges for transactions with the client leading the Nomura Group to recognise significant trading losses on the unwinding of the underlying positions and a provision for expected credit losses to reflect a shortfall in the value of securities pledged by the client as collateral against financing provided to it. Despite the Nomura Group's actions in response to the U.S. Prime Brokerage Event, including to improve its risk management activities, its business model necessarily involves significant trading activity, and it may record significant losses as a result of such trading activity again in the future.

Furthermore, the Nomura Group commits capital to take relatively large positions for underwriting or warehousing assets to facilitate certain capital market transactions. The Nomura Group also structures and takes positions in pilot funds for developing financial investment products and invests seed money to set up and support financial investment products. The Nomura Group may incur significant losses from these positions in the event of significant market fluctuations.

In addition, if the Nomura Group is the party providing collateral in a transaction, significant declines in the value of the collateral or a requirement to provide additional collateral due to a decline in its creditworthiness (by way of a lowered credit rating or otherwise) can increase its costs and reduce its profitability. On the other hand, if the Nomura Group is the party receiving collateral from its clients and counterparties, such declines may also affect its profitability due to a decrease in client transactions. Following the U.S. Prime Brokerage Event, multiple ratings agencies downgraded their outlook with regards to the Nomura Group's ratings, which, if not resolved positively, may lead to downgrades in its ratings.

Transition from U.S. LIBOR to alternative rate indices may adversely affect the Nomura Group’s business

The FCA confirmed on 5 March 2021 that U.S. Dollar LIBOR settings will cease after 30 June 2023. All the transaction agreements which refer to U.S. Dollar LIBOR and remain after its cessation are expected to be amended to refer alternative reference rates; or to be altered by adding fallback provisions that are agreed between the contracting parties in advance. These changes could require the Nomura Group to incur additional costs and subject it to risks associated with systematic reform, operational application and client disclosure, or adversely impact the pricing, volatility and liquidity of financial products including derivatives, bonds and loans which refernce U.S. Dollar LIBOR. Therefore, the Nomura Group’s business, financial condition and results of operations could be materially and adversely affected and/or it could be subject to disputes, litigation or other actions with counterparties or relative participants.

The Nomura Group has established a firmwide LIBOR transition programme to manage the transition away from these IBORs which includes transitions to alternative reference rates i.e. risk-free rates (**RFRs**) (please see the "*Investment Considerations*" section). However, the transactions referring to the alternative rate indices are not yet widely familiar in the market, there is significant uncertainty regarding their application and acceptance, and the Nomura Group may not be successful in managing this transition without potentially serious disruption to its business.

Holding large and concentrated positions of securities and other assets may expose the Nomura Group to large losses

The Nomura Group holds large and concentrated positions of certain securities in its businesses such as market-making, block trading, underwriting, asset securitisation, prime brokerage, acquiring newly-issued convertible debt securities through third-party allotment or providing business solutions to meet clients' needs. The Nomura Group has committed substantial amounts of capital to these businesses. This often requires the Nomura Group to take large positions in the securities of a particular issuer or issuers in a particular industry, country or region. Fluctuations in the prices of these securities can significantly affect the prices at which the Nomura Group is able to liquidate them when needed, resulting in the recording of significant trading losses, such as occurred in connection with the U.S. Prime Brokerage Event. The Nomura Group generally has higher exposure to those issuers engaged in financial services businesses, including commercial banks, broker-dealers, clearing houses, exchanges and investment companies. There may also be cases where the Nomura Group holds relatively large amounts of securities by issuers in particular countries or regions due to the business it conducts with its clients or its counterparties. In addition, the Nomura Group may incur losses due to market fluctuations on asset-backed securities such as residential mortgage-backed securities (**RMBS**) and commercial mortgage-backed securities (**CMBS**).

Extended market declines and decreases in market participants can reduce liquidity and lead to material losses

Extended market declines can reduce the level of market activity and the liquidity of the assets traded in those markets in which the Nomura Group operates. Market liquidity may also be affected by decreases in market participants that could occur, for example, if financial institutions scale back market-related businesses due to increasing regulation or other reasons. As a result, it may be difficult for the Nomura Group to sell, hedge or value such assets which the Nomura Group holds. Also, in the event that a market fails in pricing such assets, it will be difficult to estimate their value. If the Nomura Group cannot properly close out or hedge its associated positions in a timely manner or in full, particularly with respect to Over-The-Counter (**OTC**) derivatives, it may incur substantial losses. Further, if the liquidity of a market significantly decreases and the market may become unable to price financial instruments held by the Nomura Group, this could lead to unanticipated losses.

The Nomura Group's hedging strategies may not prevent losses

The Nomura Group uses a variety of financial instruments and strategies to hedge its exposure to financial risks arising from the financial instruments it enters into for proprietary purposes or for its clients. If the Nomura Group's hedging strategies are not effective, the Nomura Group may incur losses. The Nomura Group bases many of its hedging strategies on historical trading patterns and correlations. For example, if the Nomura Group holds an asset, it may hedge this position by taking a position in another asset which has, historically, moved in a direction that would offset a change in value of the former asset. However, historical trading patterns and correlations may not continue, as seen in the case of past financial crises, and these hedging strategies may not be fully effective in mitigating the Nomura Group's risk exposure because it is exposed to all types of risk in a variety of market environments. Moreover, not all hedging strategies are effective against all kinds of risk, and certain strategies may, if the risk is not otherwise appropriately managed, increase the Nomura Group's risk. For example, many of the transactions leading to the U.S. Prime Brokerage Event entailed providing the client with "total return swap" derivative exposure to certain equities. In order to hedge the "total return" payments the Nomura Group was obligated to make to the client, it held cash positions in the underlying equities. However, this specific hedging strategy was not intended to hedge the risk of a default by the client and the potential need to liquidate the underlying positions in a volatile market environment. When such risk was realised, the Nomura Group's hedging strategy of holding the underlying securities meant that it was exposed to such market fluctuations, contributing to the losses it recognised.

The Nomura Group's risk management policies and procedures may not be fully effective in managing market risk

The Nomura Group's policies and procedures to identify, monitor and manage risks may not be fully effective. Although some of the Nomura Group's methods of managing risk are based upon observed historical market data, the future movements in the financial markets may not be the same as was observed in the past. As a result, the Nomura Group may suffer large losses through unexpected future risk exposures. Other risk management methods that the Nomura Group uses also rely on its evaluation of information regarding markets, clients or other matters, which is publicly available or otherwise accessible by the Nomura Group. This information may not be accurate, complete, up-to-date or properly evaluated, and the Nomura Group may be unable to properly assess its risks, and thereby suffer large losses. Furthermore, certain factors, such as market volatility, may render the Nomura Group's risk evaluation model unsuitable for a new market environment. In such event, the Nomura Group may become unable to evaluate or otherwise manage its risks adequately. Moreover, regardless of how well policies and procedures are designed, they must be properly implemented and followed in order to be effective, which may not always occur despite the Nomura Group's diligent efforts.

Further, potential weaknesses in the Nomura Group's organisation structures and governance frameworks may lead to misunderstanding over roles and responsibilities.

For example, with respect to the U.S. Prime Brokerage Event, the Nomura Group suffered significant losses through exposures to the client's counterparty risk and market risks relating to the securities underlying the prime brokerage transactions with the client. The Nomura Group has reviewed and are in the process of completing a number of actions to comprehensively review, revise and strengthen its risk management policies and procedures and the implementation thereof. Such actions remain ongoing, however, and when completed, may not be sufficient to prevent similar exposure to such risks in the future, including to identify and rectify potential shortcomings, whether within the same business or among the Nomura Group's many other business units, impairing the ability of such policies and procedures to prevent future losses.

Market risk may increase other risks that the Nomura Group faces

In addition to the potentially adverse effects on the Nomura Group's businesses described above, market risk could exacerbate other risks that the Nomura Group faces. For example, the risks inherent in financial instruments developed through financial engineering and innovation may be increased by market risk.

Also, if the Nomura Group incurs substantial trading losses caused by its exposure to market risk, its need for liquidity could rise sharply while its access to cash may be impaired as a result of market perception of its credit risk.

Furthermore, in a downturn in the market overall or for specific securities, the Nomura Group's clients and counterparties could incur substantial losses or experience other adverse events of their own, thereby weakening their financial condition and, as a result, increasing the credit risk they pose to the Nomura Group, such as occurred as part of the U.S. Prime Brokerage Event.

The Nomura Group may have to recognise impairment charges with regard to the amount of goodwill, tangible and intangible assets recognised on its consolidated balance sheets

The Nomura Group has purchased all or a part of the equity interests in, or operations from, certain other companies in order to pursue its business expansion, and expect to continue to do so when and as it deems appropriate. The Nomura Group accounts for certain of those and similar purchases and acquisitions as a business combination under U.S. GAAP by allocating the Nomura Group's acquisition costs to the assets acquired and liabilities assumed and recognising the remaining amount as goodwill. On 1 April 2020, Nomura acquired 100% of Greentech Capital, LLC (**Greentech**) and goodwill of ¥12,480 million is reported on the Nomura Group's consolidated balance sheet. The Nomura Group also possesses tangible and intangible assets other than those stated above.

The Nomura Group may have to recognise impairment losses, as well as other losses associated with subsequent transactions, with regard to the amount of goodwill, tangible and intangible assets and, recognised on the NHI Guarantor's consolidated group balance sheet which may adversely affect its financial condition and results of operations. For example, during the year ended 31 March 2019 the Nomura Group recognised an impairment loss on goodwill in its Wholesale segment attributable to previous overseas acquisitions of ¥81,372 million.

Liquidity risk could impair the Nomura Group's ability to fund operations and jeopardise its financial condition

Liquidity, or having ready access to cash, is essential to the Nomura Group's business. The Nomura Group defines liquidity risk as the risk of loss arising from difficulty in securing the necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of its creditworthiness or deterioration in market conditions. In addition to maintaining a readily available cash position, the Nomura Group seeks to secure ample liquidity through repurchase agreements and securities lending transactions, long-term borrowings and the issuance of long-term debt securities, diversification of its short-term funding sources such as commercial paper, and by holding a portfolio of highly liquid assets. The Nomura Group bears the risk that it may lose liquidity under certain circumstances, including the following:

The Nomura Group may be unable to access unsecured or secured funding

The Nomura Group continuously accesses unsecured funding from issuance of securities in the short-term credit markets and debt capital markets as well as bank borrowings to finance its day-to-day operations, including refinancing. The Nomura Group also enters into repurchase agreements and securities lending transactions to raise secured funding for its trading businesses. An inability to access unsecured or secured funding or funding at significantly higher cost than normal levels could have a substantial negative effect on its liquidity. For example, lenders could refuse to extend the credit necessary for the Nomura Group to conduct its business based on their assessment of the Nomura Group's long-term or short-term financial prospects if:

- the Nomura Group incurs large trading losses,
- the level of its business activity decreases due to a market downturn,
- regulatory authorities take significant action against it, or
- its credit rating is downgraded.

In addition to the above, the Nomura Group's ability to borrow in the debt capital markets could also be adversely impacted by factors that are not specific to the Nomura Group, such as increases in market interest rates, reductions in banks' lending capacity, a severe disruption of the financial and credit markets, negative views about the general prospects for the investment banking, brokerage or financial services industries, or negative market perceptions of Japan's financial soundness.

The Nomura Group may be unable to sell assets

If the Nomura Group is unable to raise funds or if its liquidity declines significantly, it will need to liquidate assets or take other actions in order to meet its maturing liabilities. In volatile or uncertain market environments, overall market liquidity may decline. In a time of reduced market liquidity, the Nomura Group may be unable to sell some of its assets, or it may have to sell at depressed prices, which could adversely affect its results of operations and financial condition. The Nomura Group's ability to sell assets may also be adversely impacted by other market participants seeking to sell similar assets into the market at the same time.

Lowering of the Nomura Group's credit ratings could impact its funding

The Nomura Group's funding depends significantly on its credit ratings. Rating agencies may reduce or withdraw their ratings or place the Nomura Group on "credit watch" with negative implications. For example, following the U.S. Prime Brokerage Event, in March 2021, Fitch Ratings, Inc. placed the Nomura Group's credit ratings on negative watch and Moody’s Investors Service, Inc. changed the outlook on the Nomura Group's credit ratings to negative, which may lead either agency to downgrade its credit ratings in the future. Future downgrades could increase the Nomura Group's funding costs and limit its funding. This, in turn, could adversely affect its result of operations and its financial condition. In addition, other factors which are not specific to the Nomura Group may impact its funding, such as negative market perceptions of Japan's financial soundness.

Event risk may cause losses in the Nomura Group's trading and investment assets as well as market and liquidity risk

Event risk refers to potential losses the Nomura Group may suffer through unpredictable events that cause large unexpected market price movements such as natural or man-made disasters, epidemics, acts of terrorism, armed conflicts or political instability, as well as adverse events specifically affecting the Nomura Group's business activities or counterparties. These events include not only significant events such as the Great East Japan Earthquake in March 2011, the increasing tensions on the Korean Peninsula following North Korean nuclear tests in 2017, sudden and unexpected developments in global trade or security policies such as tensions between the United States and China since 2018, and the COVID-19 pandemic in 2020 and the invasion of Ukraine by the Russian Federation in 2022, but also more specifically the following types of events that could cause losses in the Nomura Group's trading and investment assets:

- sudden and significant reductions in credit ratings with regard to financial instruments held by the Nomura Group's trading and investment businesses by major rating agencies;

- sudden changes in trading, tax, accounting, regulatory requirements, laws and other related rules which may make the Nomura Group's trading strategy obsolete, less competitive or no longer viable; or

- an unexpected failure in a corporate transaction in which the Nomura Group participates resulting in its not receiving the consideration the Nomura Group should have received, as well as bankruptcy, deliberate acts of fraud, and administrative penalty with respect to the issuers of its trading and investment assets.

The Nomura Group may be exposed to losses when third parties do not perform their obligations to the Nomura Group

The Nomura Group's counterparties are from time to time indebted or otherwise owe certain obligations (such as with regards to the posting of collateral) to the Nomura Group as a result of transactions or contracts, including loans, commitments to lend, other contingent liabilities and derivative transactions. The Nomura Group may incur material losses when its counterparties default or fail to perform on their obligations to it due to their filing for bankruptcy, a deterioration in their creditworthiness, lack of liquidity, operational failure, an economic or political event, repudiation of the transaction or for other reasons. The U.S. Prime Brokerage Event, during which a U.S. prime brokerage client defaulted on obligations to post additional margin in respect of trading activities as well as to repay amounts lent against collateral held by the Nomura Group, is an example. Although the Nomura Group establishes and maintains allowances for credit losses, such allowances reflect management judgments and assumptions based on information available to them, which may prove incorrect or incomplete and these judgments and assumptions may prove to be incorrect, potentially significantly so.

Credit risk may also arise from:

- holding securities issued by third parties; or

- the execution of securities, futures, currency or derivative transactions that fail to settle at the required time due to non-delivery by the counterparty of Nomura, such as financial institutions and hedge funds or to systems failure by clearing agents, exchanges, clearing houses or other financial infrastructure.

Issues related to third party credit risk may include the following:

Defaults by a large financial institution could adversely affect the financial markets generally and the Nomura Group specifically

The commercial soundness of many financial institutions is closely interrelated as a result of credit, trading, clearing or other relationships among the institutions. As a result, concern about the creditworthiness of or a default by, a certain financial institution could lead to significant liquidity problems or losses in, or defaults by, other financial institutions. This may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Nomura Group interacts on a daily basis. Actual defaults, increases in perceived default risk and other similar events could arise in the future and could have an adverse effect on the financial markets and on the Nomura Group. The Nomura Group's funding operations may be adversely affected if major financial institutions, Japanese or otherwise, fail or experience severe liquidity or solvency problems.

There can be no assurance as to the accuracy of the information about, or the sufficiency of the collateral the Nomura Group uses in managing, its credit risk

The Nomura Group regularly reviews its credit exposure to specific clients or counterparties and to specific countries and regions that it believes may present credit concerns. Default risk, however, may arise from events or circumstances that the Nomura Group does not detect, such as account-rigging and fraud. The Nomura Group may also fail to receive full information with respect to the risks of a counterparty, or to accurately manage and assess such information internally. For example, the Nomura Group's credit risk assessments with respect to the client whose default led to the U.S. Prime Brokerage Event did not reflect the full extent of the client's relevant trading activity. In addition, in cases where the Nomura Group has extended credit against collateral, it may fall into a deficiency in value in the collateral if sudden declines in market values reduce the value of its collateral, as was the case with loans extended to the prime brokerage client leading in part to the U.S. Prime Brokerage Event.

The Nomura Group's clients and counterparties may be unable to perform their obligations to the Nomura Group as a result of political or economic conditions

Country, regional and political risks are components of credit risk, as well as market risk. Political or economic pressures in a country or region, including those arising from local market disruptions or currency crises, may adversely affect the ability of clients or counterparties located in that country or region to obtain credit or foreign exchange, and therefore to perform their obligations owed to the Nomura Group.

Environmental, Social and Governance factors including climate change and broader associated policy changes in each jurisdiction could adversely affect the Nomura Group's business

Increasing attention on the management of Environmental, Social and Governance (ESG) factors in the business makes it imperative that the Nomura Group continues to develop its policies and capabilities in these areas, and positions itself in a positive light to interested stakeholders including its shareholders, clients and society at large. Amid rapidly changing circumstances around ESG, lack of sufficient focus on ESG considerations may not only impede the Nomura Group’s ability to build a sustainable business model, but may also adversely affect its reputation, results of operations and financial condition. Reputational risks also include the risk associated with over-stating Nomura Group's credentials, or not delivering on commitments made (also known as "greenwashing").

The Nomura Group considers climate change one of the most important global challenges facing society. The direct impact of climate change, and the resulting changes in the business environment could cause losses to the Nomura Group. Climate risks are widely recognised to have two aspects – physical and transition risks. Physical risk refers to the risk of loss or damage driven by extreme weather events, such as hurricane, flood, drought, heatwave or frost, or from the longer term shifts in climate patterns and rising sea levels. Transition risk is the risk associated with the transition to a low-carbon economy, and could result from changing government policies, technologies or changes to consumer demand.

The financial services industry faces intense competition

The Nomura Group's businesses are intensely competitive, and are expected to remain so. The Nomura Group competes on the basis of a number of factors, including transaction execution capability, its products and services, innovation, reputation and price. The Nomura Group has experienced intense price competition, particularly in brokerage, investment banking and other businesses.

Competition with commercial banks, commercial bank-owned securities subsidiaries,non-Japanese firms and online securities firms in the Japanese market is increasing

Since the late 1990s, the financial services sector in Japan has undergone deregulation. Banks and certain other financial institutions became able to enter into the securities brokerage business in 2004 and firewalls between commercial banks and securities firms were deregulated in 2009, increasing the ability of securities firms with affiliated commercial banks to cooperate more closely with them. As a result, securities subsidiaries of commercial banks and non-Japanese firms with increased competitiveness have been affecting the Nomura Group's market shares in the sales and trading, investment banking and retail businesses. In recent years, competition is intensifying beyond the traditional financial sector based on the increasing digitalisation of the industry, not only with the rise of online securities firms but also FinTech companies and the entry of non-financial companies into the financial services sector. In order to address such changes in the competitive landscape, the Nomura Group has already begun various efforts to implement these changes in the competitive environment. However, these measures may not be successful in growing or maintaining the Nomura Group’s market share in this increasingly fierce competitive environment, and the Nomura Group may lose business or transactions to its competitors, harming its business and results of operations.

Increased consolidation, business alliance and cooperation in the financial services industry mean increased competition for the Nomura Group

There has been substantial consolidation and convergence among companies in the financial services industry. In particular, a number of large commercial banks and other broad-based large financial services groups have established or acquired broker-dealers or have consolidated with other financial institutions. These large financial services groups have developed business linkage within their respective groups in order to provide comprehensive financial services to clients, offering a wide range of products, including loans, deposit-taking, insurance, brokerage, asset management and investment banking services within their group, which may enhance their competitive position compared with the Nomura Group. They also have the ability to supplement their investment banking and brokerage businesses with commercial banking and other financial services revenues in an effort to gain market share. In addition, the financial services industry has seen collaboration beyond the borders of businesses and industries, such as alliances between commercial banks and securities companies outside of the framework of existing corporate groups and recent alliances with non-financial companies including emerging companies. The Nomura Group's competitiveness may be adversely affected if its competitors are able to expand their businesses and improve their profitability through such business alliances.

The Nomura Group’s global business strategies have not resulted in the anticipated outcome to date, and the Nomura Group may not be able to successfully rebuild them

The Nomura Group continues to believe there are significant opportunities in the international markets, but there is also significant competition associated with such opportunities. In order to take advantage of these opportunities, the Nomura Group will have to compete successfully with financial services firms based in important non-Japanese markets, including the U.S., Europe and Asia. Despite the Nomura Group's efforts, it recognised an impairment loss on goodwill attributable to previous overseas acquisitions of ¥81,372 million in the fiscal year ended 31 March 2019.

Since April 2019, the Nomura Group has been working to rebuild its global business platform, under which it aims to transform its business portfolio and pivot towards client businesses and growth areas,which it believes has been successful. In order to support further development of its international operations, the Nomura Group continues to grow its business organically and inorganically such as the acquisition of Greentech Capital Advisors in 2020. The Nomura Group will continue to review its entire business portfolio while looking at the competitive environment, and intends to implement its strategies in consideration of potential risks. However, the risk remains that it may be required to incur greater expenses than expected, or to commit greater financial, management and other resources to the strategies than expected, which could adversely affect its business and results of operations. Moreover, the assumptions and expectations upon which the strategies are based may not be correct, which could lead to it realising fewer benefits than expected or could even harm its business and results of operations overall. Furthermore, to the extent it reduces compensation or headcount as part of this strategy, its ability to attract and retain the employees needed to successfully run its businesses could be adversely affected. It may also be unsuccessful in designing a streamlined management structure, which could harm its ability to properly control or supervise its many businesses across the world.

Misconduct or fraud by an employee, director or officer, or any third party, could occur, and the Nomura Group's reputation in the market and its relationships with clients could be harmed

The Nomura Group faces the risk that its employees, directors or officers, or any third party, could engage in misconduct that may adversely affect its business. Misconduct by an employee, director or officer includes conduct such as entering into transactions in excess of authorised limits, acceptance of risks that exceed the Nomura Group's limits, or concealment of unauthorised or unsuccessful activities. The misconduct could also involve the improper use or disclosure of non-public information relating to the Nomura Group or its clients, such as insider trading, improper transmission of such information and the recommendation of trades based on such information, as well as other crimes, which could result in regulatory sanctions, legal liability and serious reputational or financial damage to the Nomura Group.

For example, on 5 March 2019, a researcher at Nomura Research Institute, Ltd. (**NRI**), NHI’s equity-method affiliate, revealed information that there was a high possibility that the standard for designating the top market of the Tokyo Stock Exchange (the **TSE**) would fall to ¥25 billion, which had been under review at the TSE, to a chief strategist (the **NSC Strategist**) in the research division of NSC. The researcher at NRI was a member of the Advisory Group to Review the TSE Equity Market Structure and received this information in such capacity. On the same day and the next day, the NSC Strategist communicated the information to certain people including members of Japanese stock sales team of NSC and Nomura International (Hong Kong) Limited (**NIHK**), some of whom provided the information to their institutional investor clients. Although the provision of the information did not represent a violation of law, it was an inappropriate conduct and impaired the implicit trust placed in the Nomura Group and its employees by other market participants. Following a special internal investigation conducted by external experts, on 24 May 2019, NHI announced a remediation plan and the reduction of compensation of certain of its executives and those of NSC. On 28 May 2019, the Financial Services Agency of Japan (the **Japanese FSA**) issued a business improvement order to NHI and to NSC, requiring NHI to clarify responsibility for this incident, develop and submit a detailed improvement plan, and report periodically on the implementation and effectiveness of measures for improvement, and on 28 August 2019, a fine of ¥10 million was imposed by Tokyo Stock Exchange, Inc. as a penalty.

Third parties may also engage in fraudulent activities, including devising a fraudulent scheme to induce the Nomura Group's investment, loans, guarantee or any other form of financial commitment, both direct and indirect. Because of the broad range of businesses that the Nomura Group engages in and the large number of third parties with whom the Nomura Group deals in its day-to-day business operations, such fraud or any other misconduct may be difficult to prevent or detect and its future reputation and financial condition could adversely affected, which could result in serious reputational or financial damage to the Nomura Group in the future.

Measures which the Nomura Group has implemented or additional measures that may be implemented in the future may not be effective in preventing or managing the risk of misconduct or fraud in all cases, and the Nomura Group may not always be able to detect or deter misconduct or fraudulent by an employee, director, officers, or third parties. If any administrative or judicial sanction is issued against the Nomura Group as a result of such fraud or misconduct, it may lose business opportunities, and its future revenue and results of operations may be materially and adversely affected, even after the sanction is lifted, if and to the extent that its clients, especially public institutions, decide not to engage the Nomura Group for their financial transactions.

A failure to identify and appropriately address conflicts of interest could adversely affect the Nomura Group's business

The Nomura Group is a global financial institution that provides a wide range of products and services to a diverse group of clients, including individuals, corporations, other financial institutions and governmental institutions. As such, the Nomura Group faces potential conflicts of interest in the ordinary course of its business. Conflicts of interests can arise when the Nomura Group's services to a particular client conflict or compete, or are perceived to conflict or compete, with its own interests. In addition, where non-public information is not appropriately restricted or shared within the firm, conflicts of interest can also arise where a transaction within the Nomura Group and/or a transaction with another client conflicts or competes, or is perceived to conflict or compete, with a transaction with a particular client. A failure, or a perceived failure, to identify, disclose and appropriately address such conflicts could adversely affect its reputation and the willingness of current or potential clients to do business with it and its revenues and results of operations. In addition, conflicts of interest could give rise to regulatory actions or litigation.

The Nomura Group's business is subject to substantial legal, regulatory and reputational risks

Substantial legal liability or a significant regulatory action against the Nomura Group could have a material adverse effect on the Nomura Group's business, financial condition or results of operations or cause reputational harm to it. Also, material changes in regulations applicable to the Nomura Group or to the markets in which the Nomura Group operates could adversely affect its business.

The Nomura Group's exposure to legal liability is significant

The Nomura Group faces significant legal risks in its businesses. These risks include liability under securities or other laws in connection with securities underwriting and offering transactions, liability arising from the purchase or sale of any securities or other financial products, disputes over the terms and conditions of complex trading arrangements or the validity of contracts for the Nomura Group's transactions, disputes with its business alliance partners and legal claims concerning its other businesses.

Legal liability may occur due to events such as market downturn and could adversely affect the Nomura Group's business, financial condition and results of operations

During a prolonged market downturn or upon the occurrence of an event that adversely affects the market, the Nomura Group would expect claims against it to increase. The Nomura Group may also face significant litigation. The cost of defending such litigation may be substantial and the Nomura Group's involvement in litigation may damage its reputation. For example, during the fiscal year ended March 2022, approximately ¥62.0 billion related to legacy transactions in the U.S. from before the global financial crisis (2007 – 2008) was recognised including legal expenses as well as certain transactions intended to mitigate future losses. In addition, even legal transactions might be subject to adverse public reaction according to the particular details of such transactions. These risks may be difficult to assess or quantify and their existence and magnitude may remain unknown for substantial periods of time.

Extensive regulation of the Nomura Group's businesses limits its activities and may subject the Nomura Group to significant penalties and losses

The financial services industry is subject to extensive regulation. The Nomura Group is subject to increasing regulation by governmental and self-regulatory organisations in Japan and in virtually all other jurisdictions in which it operates, and such governmental and regulatory scrutiny may increase as its operations expand or as laws change. In addition, while regulatory complexities increase, possibilities of extra-territorial application of a regulation in one jurisdiction to business activities outside of such jurisdiction may also increase. These regulations are broadly designed to ensure the stability of financial systems and the integrity of the financial markets and financial institutions, and to protect clients and other third parties who deal with the Nomura Group, and often limit its activities and/or affect its profitability, through net capital, client protection and market conduct requirements. In addition, on top of traditional finance-related legislation, the scope of laws and regulations applying to, and/or impacting on, the Nomura Group's operations may become wider depending on the situation of the wider international political and economic environment or policy approaches taken by governmental authorities in respect of regulatory application or law enforcement. In particular, the number of investigations and proceedings against the financial services industry by governmental and self-regulatory organisations has increased substantially and the consequences of such investigations and proceedings have become more severe in recent years, and the Nomura Group is subject to face the risk of such investigations and proceedings. For example, the U.S. Department of Justice (the **DOJ**) conducted an investigation regarding residential mortgage-backed securities securitised by some of the Nomura Group’s U.S. subsidiaries prior to 2009. On 15 October 2018, the U.S. subsidiaries settled the investigation with the DOJ and agreed to pay USD 480 million. The Nomura Group may not always be able to prevent such violations, and it could be fined, prohibited from engaging in some of its business activities, ordered to improve its internal governance procedures or be subject to revocation of its license to conduct business. The Nomura Group's reputation could also suffer from the adverse publicity that any administrative or judicial sanction against it may create, which may negatively affect the Nomura Group's business opportunities and ability to secure human resources. As a result of any such sanction, the Nomura Group may lose business opportunities for a period of time, even after the sanction is lifted, if and to the extent that its clients, especially public institutions, decide not to engage it for their financial transactions. In addition, certain market participants may refrain from investing in or entering into transactions with the Nomura Group if the Nomura Group engages in business activities in regions subject to international sanctions, even if the Nomura Group's activities do not constitute violations of sanctions laws and regulations.

Tightening of regulations applicable to the financial system and financial industry could adversely affect the Nomura Group's business, financial condition and results of operations

If regulations that apply to the Nomura Group's businesses are introduced, modified or removed, the Nomura Group could be adversely affected directly or through resulting changes in market conditions. The impact of such developments could make it economically unreasonable for the Nomura Group to continue to conduct all or certain of its businesses, or could cause it to incur significant costs to adjust to such changes.

Furthermore, the exact details of the implementation of proposals for regulatory change and its impact on the Nomura Group will depend on the final regulations as they become ultimately adopted by various governmental agencies and oversight boards.

New regulations or revisions to existing regulations relating to accounting standards, regulatory capital adequacy ratios, liquidity ratios and leverage ratios applicable to the Nomura Group could also have a material adverse effect on its business, financial condition and results of operations. Such new regulations or revisions to existing regulations include the so-called Basel III package formulated by the Basel Committee on Banking Supervision (the **Basel Committee**) and the finalised Basel III reforms published in December 2017. Furthermore, in October 2012, the Basel Committee developed and published a set of principles on the assessment methodology and higher loss absorbency requirements for domestic systemically important banks (**D-SIBs**), and, in December 2015, the Japanese FSA identified the Nomura Group as a D-SIB and imposed a surcharge of 0.5 per cent. on its required capital ratio after March 2016 with a 3-year transitional arrangement. In addition, the Financial Stability Board published the final standard requiring global systemically important banks (**G-SIBs**) to maintain a certain level of total loss-absorbing capacity (**TLAC**) upon their failure in November 2015. Under the Japanese FSA’s policy implementing the TLAC framework in Japan as updated in April 2018, the TLAC requirements in Japan apply not only to Japanese G-SIBs but also to Japanese D-SIBs that are deemed (i) of particular need for a cross-border resolution arrangement and (ii) of particular systemic significance to the Japanese financial system if they fail. Based on the revised policy, in March 2019, the Japanese FSA published the notices and guidelines of TLAC regulations in Japan. According to these notices and guidelines, the Nomura Group is subject to the TLAC requirements in Japan from 31 March 2021 although the Nomura Group is not identified as a G-SIB as of the date of publication on NHI's Form 20-F. These changes in regulations may increase the Nomura Group's funding costs or require it to liquidate financial instruments and other assets, raise additional capital or otherwise restrict its business activities in a manner that could adversely affect its operating or financing activities or the interests of its shareholders.

Deferred tax assets may be impacted due to a change in business condition or in laws and regulations, resulting in an adverse effect on the Nomura Group's operating results and financial condition

The Nomura Group recognises deferred tax assets in its consolidated balance sheets as a possible benefit of tax relief in the future. If the Nomura Group experiences or forecasts future operating losses, if tax laws or enacted tax rates in the relevant tax jurisdictions in which it operates change, or if there is a change in accounting standards in the future, it may reduce the deferred tax assets recognised in its consolidated balance sheets. As a result, it could adversely affect the Nomura Group's financial condition and results of operations.

Unauthorised disclosure or misuse of personal information held by the Nomura Group may adversely affect its business

The Nomura Group keeps and manages personal information obtained from clients in connection with its business. In recent years, there have been many reported cases of personal information and records in the possession of corporations and institutions being improperly accessed, disclosed or misused.

Although the Nomura Group exercises care to protect the confidentiality of personal information and have in place policies and procedures designed to safeguard such information and ensure that it is used in compliance with applicable laws, rules and regulations, were any unauthorised disclosure or misuse of personal information to occur, its business could be adversely affected. For example, the Nomura Group could be subject to government actions such as administrative actions or penalties in case there is any violation of applicable personal data protection laws, rules and regulations or be subject to complaints and lawsuits for damages from clients if they are adversely affected due to the unauthorised disclosure or misuse of their personal information (including leakage of such information by an external service provider). In addition, the Nomura Group could incur additional expenses associated with changing its security systems, either voluntarily or in response to administrative guidance or other regulatory initiatives. Moreover, restrictions on the Nomura Group's ability to use personal information collected from clients may adversely affect its existing businesses or to develop new ones. Furthermore, any damage to the Nomura Group's reputation caused by such unauthorised disclosure or misuse could lead to a decline in new clients and/or a loss of existing clients, as well as to increased costs and expenses incurred for public relations campaigns designed to prevent or mitigate damage to its corporate or brand image or reputation.

System failure, information leakage and the cost of maintaining sufficient cybersecurity could adversely affect the Nomura Group's business

The Nomura Group's businesses rely on secure processing, storage, transmission and reception of personal, confidential and proprietary information on its systems. The Nomura Group has been in the past and may again become the target of attempted unauthorised access, computer viruses or malware, and other cyber-attacks designed to access and obtain information on its systems or to disrupt and cause other damage to its services. For example, in June 2018, one of the Nomura Group's foreign subsidiaries experienced a spear phishing incident that resulted in the unauthorised access to the firm’s desktop network, requiring the Nomura Group to immediately launch an internal investigation to assess and remediate the incident, notify the appropriate authorities of its occurrence and communicate with clients and other individuals whose data may have been impacted. In response to the COVID-19 pandemic, many of the Nomura Group's employees now work remotely using networking or other technologies, and these technologies have become even more critical to its business. The implementation of remote work arrangements may also increase the possibility that the Nomura Group will be subject to cyber-attacks and other information security breaches. Although these threats may originate from human error or technological failure, they may also originate from the malice or fraud of internal parties, such as employees, or third parties, including foreign non-state actors and extremist parties. Additionally, the Nomura Group could also be adversely impacted if any of the third-party vendors, exchanges, clearing houses or other financial institutions to whom the Nomura Group is interconnected are subject to cyber-attacks or other informational security breaches. Such events could cause interruptions to the Nomura Group's systems, reputational damage, client dissatisfaction, legal liability, enforcement actions or additional costs, any and all of which could adversely affect its financial condition and operations.

While the Nomura Group continues to devote significant resources to monitor and update its systems and implement information security measures to protect its systems, there can be no assurance that any controls and procedures the Nomura Group has in place will be sufficient to protect it from future security breaches. As cyber threats are continually evolving, the Nomura Group's controls and procedures may become inadequate and it may be required to devote additional resources to modify or enhance its systems in the future.

Natural disaster, terrorism, military dispute and infectious disease other than COVID-19 could adversely affect the Nomura Group's business

The Nomura Group has developed a contingency plan for addressing unexpected situations and conduct crisis management exercises including staff notification tests. The Nomura Group also developed a business resilience framework which includes an establishment of an emergency command center in the event of an actual disaster to account for the safety of its employees and their families. However, disaster, terrorism, military disputes or widespread infectious diseases afflicting the Nomura Group's management and employees could exceed the assumptions of its plan and its framework, and could adversely affect its business. In addition, there is a possibility that unknown infectious diseases other than COVID-19 pandemic may hinder the operational duties by its management and employees.

NHI is a holding company and depends on payments from its subsidiaries

NHI is a holding company and heavily depends on dividends, distributions and other payments from its subsidiaries to make payments on NHI's obligations. Regulatory and other legal restrictions, such as those under the Companies Act of Japan (the **Companies Act**), may limit NHI's ability to transfer funds freely, either to or from NHI's subsidiaries. In particular, many of NHI's subsidiaries, including NHI's broker-dealer subsidiaries, are subject to laws and regulations, including regulatory capital requirements, that authorise regulatory bodies to block or reduce the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances. For example, NSC, Nomura Securities International, Inc., Nomura International plc and NIHK, the Nomura Group's main broker-dealer subsidiaries, are subject to regulatory capital requirements and changes in such regulatory capital requirements and the required level could limit the transfer of funds to NHI. While NHI monitors and manages the transfer of funds among Nomura Group on the basis of the relevant laws and regulations on a daily basis, these laws and regulations may hinder NHI's ability to access funds needed to make payments on NHI's obligations.

The Nomura Group may not be able to realise gains it expects, and may even suffer losses, on its investments in equity securities and non-trading debt securities

The Nomura Group holds substantial investments in equity securities including private equity investments and non-trading debt securities. Under U.S. GAAP, depending on market conditions, the Nomura Group may recognise significant unrealised gains or losses on its investments in equity securities and debt securities, which could have an adverse impact on its financial condition and results of operations. For example, in the fiscal year ended 31 March 2020, the Nomura Group recognised a loss of ¥ 16.4 billion related to its investment in American Century Investments and ¥ 16.6 billion on its investments in equity securities resulting from market declines arising from the COVID-19 pandemic. Depending on the market conditions, the Nomura Group may also not be able to dispose of these equity securities and debt securities when it would like to do so, as quickly as it may wish or at the desired price.

Equity investments in affiliates and other investees accounted for under the equity method in the Nomura Group's consolidated financial statements may decline significantly over a period of time and result in it incurring impairment losses

The Nomura Group has affiliates and investees accounted for under the equity method in its consolidated financial statements and whose shares are publicly traded. If there is a decline in the market price of the shares the Nomura Group holds in such affiliates over a period of time, and it determines that the decline is other-than-temporary, then it recognises an impairment loss for the applicable fiscal period which may have an adverse effect on its financial condition and results of operations. For example, the Nomura Group recognised an impairment loss of ¥47,661 million against its investment in Nomura Real Estate Holdings, Inc. during the year ended 31 March 2021.

The Nomura Group may face an outflow of clients' assets due to losses of cash reserve funds or debt securities it offers

Cash reserve funds, such as money market funds and money reserve funds are categorised as low risk financial products. As a result of a sudden rise in interest rates, such cash reserve funds may fall below par value due to losses resulting from price decreases of debt securities in the portfolio, defaults of debt securities in the portfolio or charges of negative interest. If the Nomura Group determines that a stable return cannot be achieved from the investment performance of cash reserve funds, the Nomura Group may accelerate the redemption of, or impose a deposit limit on, such cash reserve funds. In addition, debt securities that the Nomura Group offers may default or experience delays in the payment of interest and/or principal. Such losses, early redemption or deposit limit for the products the Nomura Group offers may result in the loss of client confidence and lead to an outflow of client assets from its custody or preclude it from increasing such client assets.