Nomura Europe Holdings plc

Annual Pillar 3 Disclosures
31st March 2020

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Table of Contents

Introduction

Background

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

Scope of Application

This document presents the consolidated Pillar 3 disclosures as at 31st March 2020 for the Group as well as disclosures covering three material subsidiaries where required, Nomura International Plc ("NIP"), Nomura Bank International Plc ("NBI") and Nomura Financial Products Europe GmbH ("NFPE")

The Group, NIP and NBI are regulated by the PRA and FCA whereas NFPE is regulated by the BaFin.

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

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

NFPE's RWA's are also immaterial to the Group. Therefore NFPE disclosures have also been made for article 437 (Own Funds) with no other disclosures relevant to significant subsidiary requirements.

Other regulated subsidiaries included in the Group consolidation figures are Nomura Bank Luxembourg S.A. ("NBL"), Banque Nomura France S.A. ("BNF"), Nomura Alternative Investment Management France S.A.S ("NAIME"), Nomura Saudi Arabia ("NSA"), and Nomura Bank Switzerland Ltd ("NBS").

NBL discloses its Pillar 3 disclosure separately which can be found here. NBL disclosures have not been included in this document.

For remaining subsidiaries owing to their inclusion and small size within the Group, separate disclosures have not been made for BNF, NAIME, NSA or NBS.

Scope of Consolidation

The Group's regulatory consolidation includes UK and non-UK regulated entities; Article 6 of the CRR provides guidance on capital calculations and consolidation of subsidiary undertakings. The regulatory consolidation excludes certain special purpose entities which are included in the accounting consolidation under UK GAAP. A small number of entities included in the accounting consolidation are also excluded from the regulatory consolidation on the basis of their immaterial balance sheet size. There is no material impact on the regulatory capital position of the Group due to the exclusion of these entities.

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

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

Bank Recovery and Resolution Directive

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

Key Metrics

	The Group
Capital ($m)	
Tier 1 Capital	5,226
Tier 2 Capital	2,160
Capital Requirements ($m)	
Total RWA	33,707
Total Capital Requirement [(1)]	4,082
Capital Ratios (%)	
Tier 1[(2)]	15.51%
Leverage Ratio	
Total Leverage Ratio Exposure ($m)	162,757
Leverage Ratio (%)	3.2%
Liquidity Coverage Ratio (“LCR”)[(3)]	
Total High Quality Liquid Assets ($m)	23,085
Total Net Cash Outflow ($m)	10,066
LCR Ratio (%)	230%

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

Regulatory Framework for Disclosures

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

The Basel committee’s framework is structured around three ‘pillars’:

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

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

Pillar 3 Disclosures

Pillar 3 disclosures have been prepared in accordance with the requirements of the CRR Part 8 and the associated European Banking Authority (“EBA”) guidelines and technical standards applicable as at 31 March 2020. A table has been included in Appendix 2 summarising the relevant articles and associated disclosures. In addition disclosures are aligned to the formats as defined by regulation (EU) No. 575/2013.

The disclosures made in this document do not constitute financial statements and are not required to be subjected to an external audit. The disclosures are approved by the Group’s Board and NEHS Audit Committee before being made publically available.

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

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

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

Future Developments

UK Referendum (BREXIT)

The United Kingdom’s membership of the European Union ended on 31 January 2020 (“Brexit”) in accordance with the Agreement on the withdrawal of the United Kingdom of the Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the “Withdrawal Agreement”). The Withdrawal Agreement provides for a transition period during which EU rules and regulations continue to apply to the UK. Whilst the future agreement between the UK and EU are currently under negotiation, its final form and substance remain uncertain at this time.

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

In response to the impacts of Brexit on both the Nomura Group and the Group, and to provide continued services to clients both regionally and globally, a broker-dealer entity, Nomura Financial Products Europe GmbH (NFPE) in the Federal Republic of Germany was established in 2019. NFPE is a subsidiary of NEHS and is eligible for passporting rights to the EEA if no agreement is reached before the transition period ends.

Regulatory Updates

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

These updates entered into force in June 2019 with the majority of changes being introduced two years later in the June 2021. Among other things these proposed changes include the introduction of the binding minimum leverage and the net stable funding ratios, changes to the calculations for counterparty credit risk of derivatives, a tightening of large exposure limits, introduction of new reporting requirements for market risk and the introduction of a new EU intermediate parent undertaking requirement. These reforms are generally expected to lead to an increase in local capital and liquidity requirements and increased costs of compliance. The Group has Regulatory change program which is managing the transition through to June 2021.

The Internal Minimum Requirement for Own Funds and Eligible Liabilities (“MREL”) became applicable in the UK for all UK incorporated institutions from 1 January 2019 for firms whose failure would have a significant impact on the UK financial system and for certain overseas firms where the Bank of England ("BOE") would support a home resolution authority in carrying out a cross-border resolution. The Nomura Group has adopted a single point of entry resolution strategy with Nomura Holding Inc. as the Group's Resolution Entity.

Business Environment

The heightened worry over United States ("US")-China trade tensions destabilised financial markets during the summer of 2019, prompting major central banks to resume monetary easing. In September 2019, the European Central Bank ("ECB") introduced a further interest rate cut along with resumption of qualitative easing. Expectation for a global economic recovery following the manufacturing sector entering into upward cycle which eased US-China trade tension, alongside improved transparency over the United Kingdom ("UK")'s expected departure from the European Union ("EU") at the end of 2020. However the impact of COVID-19 between January to March 2020 has eroded the growth expectations, with all the world's major economies reported the severe contraction during this period.

In addition to the macro-economic uncertainties referenced above, the Group continues to proactively manage the continued challenges of the industry digitalisation by prioritising collaboration across division and regions along with investment in e-trading platforms.

COVID-19 Pandemic

As noted above, the Group has been impacted by COVID-19 which was declared as a pandemic by the World Health Organisation on 11 March 2020. Subsequently, the Group activated the pandemic plan under the oversight of the NEHS Executive committee. Evaluation of the situation was managed through the governance structures of the NEHS Operating Committee, which assessed issues and recommended actions and mitigants to the NEHS Executive Committee as necessary for ratification.

To date, the Group's contingency and business continuity arrangements are operating as planned and the Group continues to operate on a business as usual with most employees working from home. The Group has been preparing phased returns to the offices in compliance with local government mandates. It is considered that the Group will continue with these arrangements for as long as is required with no detrimental impact on the operations of the business and look to establish long-term flexible working arrangements in future.

The Group's pandemic plan has also focused on ensuring the safety of its employees and their families as well as contributing to the wider community through donating funds to support National Health Services ("NHS") Charities Together.

Risk Management

The Group's activities involve the assumption and transfer of certain risks, including market risk, credit risk, operational risk, cross-border risk, model risk, liquidity and funding risks, and business risk. Further information on these risks and The Group risk management is provided in note 18 of the NIP Annual Report.

These risks are managed through sub-committees of The Group's Board. These include:

- The Board Risk Committee ("BRC"), which has oversight over the NEHS Group's risk profile, financial risk appetite, future risk strategy and maintenance of an appropriate risk control framework.
- Cross-border risk committees in relation to non-Europe, Middle East and Africa ("non-EMEA") business booked into the Company.

The Group's risk management framework is closely aligned to NHI's risk management framework but, through its local governance, the Group determines, where deemed necessary, specific risk management controls, policies and procedures and articulates its risk appetite, which is the maximum level and types of risk that the Group is willing to assume. This is in line with the NHI risk appetite and in pursuit of its strategic objectives and business plan.

Risk Appetite

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

The risk appetite for the Group includes the following topics: capital adequacy, liquidity risk, market and credit risk, cross-border risk, model risk and non-financial risk.

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

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

The metrics include, but are not limited to:

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

The risk appetite statement for the NEHS Group, including the Company, is approved by the Board, and tracked and communicated to that forum on an ongoing basis. There is clear ownership and accountability for each category of risk and individual risk appetite measures. The risk appetite statement must be reviewed and updated at the beginning of each financial year in conjunction with the annual business planning process, and may also be reviewed and revised at any time in response to emerging risks or to significant changes in business and economic conditions, business strategy, competitive conditions or regulatory requirements.

Risk Requirement Methodologies

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

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

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

Risk Management Committees

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

- The Board Risk Committee ("BRC"), formerly known as Prudential Risk Committee (PRC), has oversight of, and provides advice to, the Board on the Group's risk profile, risk appetite, future risk strategy and maintenance of an appropriate risk control framework. Eleven meetings were held during the year.
- The Risk Management Committee is established and chaired by the NEHS Chief Risk Officer ("CRO") and is primarily responsible for monitoring and controlling market risk and credit risk for the NEHS Group, including the Company. Operational Risk is monitored by the Non-Financial Risk Committee. Twelve meetings were held during the year.
- The Non-Financial Risk Committee is responsible for implementation and management of an effective Non-Financial Risk (NFR) framework and for monitoring the consistent application of the NFR Framework by owners of NFRs for the Group.
- The Risk Management Division is responsible for establishing and operating risk management processes, establishing and enforcing risk management policies and regulations, verifying the effectiveness of risk management methods, as well as reporting to regulatory bodies where required, and handling regulatory applications concerning risk management methods and other items as necessary.

Valuation Practices

Valuation of Fair Value Instruments

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

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

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

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

Valuation Process

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

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

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

Prudent Valuation Adjustment

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

Directorships

The following table shows directorships held by members of the management body for the year to 31st March 2020 and complements disclosures made in NIP's Annual Report.

Directors	Internal Directorships	External Directorships
Takeo Aoki [(1)]	6	2
David Godfrey	3	1
John Tierney	3	0
Jonathan Britton	3	6
Jonathan Lewis	2	0
Neeta Atkar	3	4
Hisato Miyashita	5	0
Rosemary Murray	2	4
Maria Bentley [(2)]	3	4

1. *Appointed on 10th September 2019*
2. *Resigned on 31st May 2020*

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

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

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

All of the above directorships are compliant with CRD IV requirements

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Own Funds Disclosures

CC1: Composition of Regulatory Capital

The Group, NIP, NBI and NFPE Own Funds:

		Mar-20			
ITS [1]	**($m)**	**Group**	**NIP**	**NBI**	**NFPE [10]**
1	Common Equity Tier 1 capital instruments and share premium	11,399	11,269	255	55
2	Retained Earnings [5 & 6]	(6,911)	(7,172)	23	30
3	Other reserves	1,215	1,351	64	495
3a	Funds for general banking risks	-	-	-	0
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	-	(12)	-
6	**Common Equity Tier 1 before regulatory adjustments**	**5,703**	**5,448**	**330**	**580**
8	Deduction from Tier 1: other intangible assets [2]	(23)	(11)	-	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(2)	-	-	-
	Prudential filters:				
14	*Liabilities own credit risk adjustment [3]*	(216)	(128)	(64)	(1)
7	*Prudent valuation adjustment [4]*	(236)	(235)	(1)	(1)
28	**Total Regulatory Adjustments to Common Equity Tier 1**	(477)	(374)	(64)	(2)
29	**Common Equity Tier 1**	**5,226**	**5,074**	**266**	**578**
46	Tier 2 capital	2,160	1,260	-	-
59	**Total Capital [5]**	**7,386**	**6,334**	**266**	**578**
61	**Common Equity Tier 1 Ratio [7]**	**15.51%**	**15.50%**	**262.04%**	**85.87%**
63	Total Capital as a percentage of total Risk Exposure amounts	21.91%	19.34%	262.04%	85.87%
64	Institution specific buffer requirement [8]	2.57%	2.57%	2.50%	2.51%
65	of which: Capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
66	of which: Countercyclical buffer requirement [9]	0.07%	0.07%	0.00%	0.01%
	Pillar 2A Total Capital Requirements	4.11%	4.36%	0.16%	4.00%
68	Common Equity Tier 1 available to meet Total Capital Requirements	6.90%	6.64%	257.38%	77.37%

1. *Implementing Technical Standards Regulations (EU) no. 1423/2013*
2. *CRR Article 37*
3. *CRR Article 33 (1) (c) / CRR Article 33 (1) (b)*
4. *CRR Article 34*
5. *Per the Group (LI1) reconciliation of own funds to the audited financial balance sheet; NIP Retained Earnings include additional $(57)m loss recognised post filing of the NIP audited annual accounts*
6. *Groups Retained Earnings include an additional provision of $(148)m post filing of the NIP's Annual Accounts and NIP will recognise the same for the period ending 31st March 2021*
7. *Tier 1 capital ratio is equal to the Common Equity Tier 1 ratio*
8. *Institution specific buffer requirement: capital conservation buffer plus countercyclical capital buffer requirements expressed as a percentage*
9. *Common Equity Tier 1 available to meet minimum Tier 1 total capital requirements (Pillar 1 + Pillar 2A) as there are no innovative Tier 1 instruments*
10. *NFPE reports in euros. NFPE numbers have been converted into dollars at a euro/dollar exchange rate of 0.9097 on the 31st March 2020*

No restrictions have been applied to the calculation of Common Equity Tier 1 or the prudential filters to Common Equity Tier 1 ("CET1"). The Group is applying transitional provisions of IFRS 9 to Own Funds. Tier 1 capital consists of share capital and reserves. The Group and NIP converted all of its Tier 2 subordinated debt into long term MREL eligible debt in order to meet the Bank of England's MREL requirement.

During the year, NEHS issued 900,000,000 ordinary shares of $1 each to NHI for a total consideration of $900,000,000.

NIP issued 1,000,000,000 ordinary shares of $1 each in three tranches to NEHS on 29 August 2019, 30 October 2019 and 30 March 2020 for 250,000,000, 250,000,000 and 500,000,000 ordinary shares respectively.

At 31 March 2020, there was no applicable systemic risk or other systemically important institution ("OSII") buffers.

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

$m	NEHS Company Only Accounts [1]	Consolidation Adjustments	NEHS Group [2]	Prudential filters: IFRS 9 transitional arrangements	Prudential filters: Intangible Assets [3]	Prudential filters: Derivative Liabilities Own Credit Risk Adjustment[4]	Prudential filters: Liabilities Own Credit Risk Adjustment [5]	Prudential filters: Prudent Valuation Adjustment [6]	Prudential filters: Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	Group Regulatory position
Called up share capital	11,391	-	11,391							**11,391**
Share premium	7	-	7							**7**
Share based payment reserve	-	1,168	1,168							**1,168**
Translation Reserve	-	(40)	(40)							**(40)**
Own Credit Adjustment	-	87	87				(87)			**-**
Retained Earnings	(6,075)	(852)	(6,927)	16	(23)	(129)	-	(235)	(2)	**(7,300)**
Common Equity Tier 1	**5,323**	**363**	**5,686**	**16**	**(23)**	**(129)**	**(87)**	**(235)**	**(2)**	**5,226**
Creditors: Amounts Falling Due More Than One Year	2,160	-	2,160	-	-	-	-	-	-	2,160
Tier 2 Capital Instruments	**2,160**	-	**2,160**	-	-	-	-	-	-	**2,160**
Own Funds	**7,483**	**363**	**7,846**	**16**	**(23)**	**(129)**	**(87)**	**(235)**	**(2)**	**7,386**

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

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

		Prudential filters				
$m	NIP Company Accounts (1)	IFRS 9 Transitional Arrange-ments	Intangible Assets (2)	Derivative Liabilities Own Credit Risk Adjustment (3)	Prudent Valuation Adjustment (4)	NIP Regulatory Position
Called up share capital	11,241					11,241
Share premium	27					27
Capital redemption reserve	184					184
Other reserves	0					0
Share based payment reserve	1,167					1,167
Retained Earnings (1)	(7,187)	16	(11)	(128)	(235)	(7,545)
Common Equity Tier 1	**5,432**	**16**	**(11)**	**(128)**	**(235)**	**5,074**
Creditors: Amounts Falling Due More Than One Year	1,260	-	-	-	-	1,260
Tier 2 Capital instruments	**1,260**	**-**	**-**	**-**	**-**	**1,260**
Own Funds	**6,692**	**16**	**(11)**	**(128)**	**(235)**	**6,334**

1. *NIP Retained Earnings include additional $(57)m loss recognised post filing of the NIP audited annual accounts*
2. *CRR article 37*
3. *CRR article 33 (1) (c)*
4. *CRR article 34*

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

		Prudential filters			
$m	NBI Company Accounts (1)	IFRS 9 transitional arrangements	Fair Valued Liabilities Own Credit risk Adjustment (2)	Prudent Valuation Adjustment (3)	NBI Regulatory position
Called up share capital	255				255
Own Credit reserve	64		(64)	-	-
Other reserves	-				-
Retained Earnings	11	0	-	(1)	11
Common Equity Tier 1	**330**	**0**	**(64)**	**(1)**	**266**
Creditors: Amounts Falling Due More Than One Year	-		-	-	-
Tier 2 Capital instruments	**-**		**-**	**-**	**-**
Own Funds	**330**	**0**	**(64)**	**(1)**	**266**

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

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

		Prudential filters		
$m (4)	NFPE Company Accounts (1)	Derivative Liabilities Own Credit Risk Adjustment (3)	Prudent Valuation Adjustment (2)	NFPE Regulatory position
Called up share capital	55			55
Other reserves	495			495
Funds for general banking risks	0			0
Retained Earnings	30	(1)	(1)	28
Common Equity Tier 1	**580**	**(1)**	**(1)**	**578**
Creditors: Amounts Falling Due More Than One Year	-	-	-	-
Tier 2 Capital instruments	**-**	**-**	**-**	**-**
Own Funds	**580**	**(1)**	**(1)**	**578**

1. *Per audited NFPE annual report*
2. *CRR article 34*
3. *CRR article 33 (1) (c)*
4. *NFPE reports in euros. NFPE numbers have been converted into dollars at a euro/dollar exchange rate of 0.9097 on the 31st March 2020*

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

$m	Carrying values under scope of regulatory consolidation	Carrying values of items				
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets						
Cash and cash equivalent	3,803	3,803	-	-	-	-
Financial assets held for trading	177,101	1,042	163,542	-	175,171	-
Investments - time deposits	1,125	1,125	-	-	-	-
Current tax receivable	14	14	-	-	-	-
Collateral posted for securities purchased under agreements to resell	75,656	415	75,241	-	75,241	-
Collateral posted for securities borrowed	11,914	-	11,914	-	11,914	-
Other debtors	22,118	2,705	19,413	-	19,413	-
Financial investments	19	19	-	-	-	-
Deferred tax assets	2	2	-	-	-	-
Tangible fixed assets	130	130	-	-	-	-
Intangible fixed assets	23	-	-	-	-	23
Total Assets	**291,905**	**9,255**	**270,110**	**-**	**281,739**	**23**
Liabilities						
Financial liabilities held for trading	170,493	-	161,862	-	169,464	-
Commercial papers issued	759	-	-	-	-	759
Current tax payable	11	-	-	-	-	11
Other creditors	41,082	-	37,769	-	37,769	3,313
Collateral received for securities sold under agreements to repurchase	59,238	425	58,813	-	58,813	-
Collateral received for securities loaned	7,415	-	7,415	-	7,415	-
Provisions	446	-	-	-	-	446
Deferred tax liability	11	-	-	-	-	11
Creditors (amounts falling due after more than one year)	6,764	-	39	-	39	6,724
Total Liabilities	**286,219**	**425**	**265,898**	**-**	**273,500**	**11,264**

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

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

$m	Credit Risk	CCR
Total Assets	9,255	270,110
Total Liabilities	(425)	(265,899)
Total Net Assets	**8,830**	**4,211**
Off Balance Sheet Items	2,790	-
Specific Regulatory Treatment	(575)	38,409
Credit Conversion Factors	(1,731)	-
Modelling	-	-
Exposures Considered for Regulatory Purposes	**9,314**	**42,620**

Explanation of differences between accounting and regulatory exposure

Off balance sheet and potential future exposure for counterparty credit risk

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

Differences in netting rules

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

Differences due to financial collateral

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

Accounting and regulatory treatments

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

Transitional Provisions

CRR Article 473a

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

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

IFRS 9-FL: Transitional Provisions of the Group

	The Group				
$m	**Mar-20**	**Dec-19**	**Sep-19**	**Jun-19**	**Mar-19**
Available Capital					
Common Equity Tier 1 (CET1) capital	5,226	5,329	5,079	4,945	4,971
Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied	5,210	5,324	5,076	4,943	4,967
Tier 1 capital	5,226	5,329	5,079	4,945	4,971
Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied	5,210	5,324	5,076	4,943	4,967
Total capital	7,386	7,489	7,239	7,105	7,131
Total capital as if IFRS 9 ECL transitional arrangements had not been applied	7,370	7,484	7,236	7,103	7,127
Risk Weighted Assets					
Total risk-weighted assets	33,707	34,819	34,893	35,830	34,166
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	15.5%	15.3%	14.6%	13.8%	14.5%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	15.5%	15.3%	14.5%	13.8%	14.5%
Tier 1 (as a percentage of risk exposure amount)	15.5%	15.3%	14.6%	13.8%	14.5%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	15.5%	15.3%	14.5%	13.8%	14.5%
Total capital (as a percentage of risk exposure amount)	21.9%	21.5%	20.7%	19.8%	20.9%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	21.9%	21.5%	20.7%	19.8%	20.9%
Leverage Ratio					
Leverage ratio total exposure measure	162,757	173,120	165,303	167,621	171,746
Leverage ratio	3.2%	3.1%	3.1%	3.0%	2.9%
Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied	3.2%	3.1%	3.1%	2.9%	2.9%

IFRS 9-FL: Transitional Provisions of NIP

	NIP				
$m	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
Available Capital					
Common Equity Tier 1 (CET1) capital	5,074	5,079	4,825	4,575	4,599
Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied	5,058	5,074	4,821	4,573	4,596
Tier 1 capital	5,074	5,079	4,825	4,575	4,599
Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied	5,058	5,074	4,821	4,573	4,596
Total capital	6,334	6,339	6,085	5,835	5,859
Total capital as if IFRS 9 ECL transitional arrangements had not been applied	6,318	6,334	6,081	5,833	5,856
Risk Weighted Assets					
Total risk-weighted assets	34,166	34,018	34,032	35,051	34,105
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	14.9%	14.9%	14.2%	13.1%	13.5%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	14.8%	14.9%	14.2%	13.0%	13.5%
Tier 1 (as a percentage of risk exposure amount)	14.9%	14.9%	14.2%	13.1%	13.5%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	14.8%	14.9%	14.2%	13.0%	13.5%
Total capital (as a percentage of risk exposure amount)	18.5%	18.6%	17.9%	16.6%	17.2%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	18.5%	18.6%	17.9%	16.6%	17.2%
Leverage Ratio					
Leverage ratio total exposure measure	156,604	166,948	159,530	161,982	166,257
Leverage ratio	3.2%	3.0%	3.0%	2.8%	2.8%
Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied	3.2%	3.0%	3.0%	2.8%	2.8%

Capital Requirements

OV1: Capital Requirements and Risk Weighted Exposure

The Group and NIP RWA and capital requirements:

$m	The Group				NIP			
	RWA			Minimum Require-ments[1]	RWA			Minimum Require-ments[1]
	Mar-20	Mar-19	Variance	Mar-20	Mar-20	Mar-19	Variance	Mar-20
Credit risk (excluding CCR)	**3,706**	**2,918**	**788**	**296**	**3,106**	**2,538**	**568**	**249**
of which the standardised approach	3,706	2,918	788	296	3,106	2,538	568	249
Counterparty credit risk	**18,604**	**19,087**	**(483)**	**1,488**	**18,584**	**19,126**	**(543)**	**1,487**
of which mark to market	4,132	3,864	268	331	4,162	3,858	304	333
of which internal model method (IMM)	8,301	7,842	459	664	8,292	7,904	388	663
Of which risk exposure amount for contributions to the default fund of a CCP	85	112	(27)	7	84	112	(28)	7
of which CVA	2,037	3,026	(989)	163	2,001	3,014	(1,013)	160
of which master netting agreement	4,049	4,242	(194)	324	4,045	4,239	(194)	324
Settlement risk	**322**	**88**	**234**	**26**	**322**	**88**	**234**	**26**
Market risk	**8,152**	**7,130**	**1,022**	**652**	**8,079**	**7,125**	**954**	**646**
of which the standardised approach	2,139	1,714	425	171	2,131	1,709	422	170
of which IMA	6,013	5,416	597	481	5,948	5,416	532	476
Large exposures	**-**	**1,674**	**(1,674)**	**-**	**-**	**2,264**	**(2,264)**	**-**
Operational risk	**2,923**	**3,269**	**(346)**	**234**	**2,655**	**2,964**	**(309)**	**212**
of which standardised approach	2,923	3,269	(346)	234	2,655	2,964	(309)	212
Total	**33,707**	**34,166**	**(459)**	**2,697**	**32,746**	**34,105**	**(1,359)**	**2,620**

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

Movements in RWA over the period

NIP

Credit risk increased over the period due to increased loan positions. Counterparty Credit Risk reduced over the period mainly due to reduction in SCVA driven by additional index hedge purchased during the year. Large exposure reduced to zero following receipt of Non-Core Large Exposure Group ("NCLEG") waiver from the PRA. Market risk under standardised approach increased due to increase in general risk on traded debt instruments. Market risk under IMA approach increased due to increase in VaR multiplier.

The Group

The Group's RWA movements over the period are materially in line with NIP with the exception of:

- Reduced impact of NCLEG waiver
- Increased Credit risk in NBL entity

Capital Buffers

Countercyclical Capital Buffer

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

COVID-19 was declared a pandemic by the World Health Organisation on 11th March 2020. To support the ability of banks to supply credit needed to bridge a potentially challenging COVID-19 period the majority of central banks reduced their CCyB rates. Notable rate reductions during the year are as below:

- Hong Kong (2.5% to 1%),
- Sweden (2% to 0%),
- Norway (2% to 1%),
- The UK (1% to 0%),
- Iceland (1.25% to 0%) and
- Denmark (0.5% to 0%)

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

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

$m	The Group
Total RWA	33,707
Institution specific CCyB rate	0.068%
Institution specific CCyB requirement	**23**

Capital Conservation Buffer

The capital conservation buffer ("CCB") is a CRD IV buffer requirement, met by CET1 capital, which can be used to absorb losses during periods of stress.

Pillar 2A and ICAAP

The Group conducts an Internal Capital Adequacy Assessment Process ("ICAAP") exercise annually to ensure the Group is adequately capitalised to meet its overall business plan and withstand any potential stress that it might encounter over a three-year forecast horizon. The exercise incorporates the Group's risk management processes and governance framework and is reviewed and approved by the Board before being submitted to the PRA.

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

The PRA conducts a Supervisory Review and Evaluation Process ("SREP") annually after reviewing the Group's ICAAP. The SREP process enables the regulator to define firm specific minimum total capital requirements ("TCR") through the setting of Pillar 2A capital requirements. As part of the SREP review, the PRA may also prescribe Pillar 2B capital requirements; a firm specific amount of capital that should be held in the form of a PRA buffer. The PRA buffer requirement is over and above the level of capital required to meet the TCR and over and above the CRD IV buffers.

The PRA prescribed a Pillar 2A of 4.11% for the Group and 4.36% for NIP as at 31st March 2020.

Capital Management

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

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

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

NOMURA

Counterparty Credit Risk and Credit Risk

Counterparty Credit Risk and Credit Scope

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

The process for managing credit risk at the Group includes:

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

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

Internal Model Method

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

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

Credit Risk Mitigation

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

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

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

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

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

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

Standardised Derivative Calculation Method

In the calculation of risk-weighted exposure amounts under the standardised approach to credit and counterparty risk, the credit assessments provided by Fitch, Moody's and Standard and Poor's are used for all applicable exposure classes. The ratings are then mapped to credit quality steps to derive the relevant risk weight.

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

Where credit assessments of counterparties are not available, risk weights are assigned in accordance with CRD IV requirements for unrated exposures. Securities which do not have a credit assessment are risk weighted based on the general credit assessment of their issuers if they satisfy the seniority conditions in article 139(2) of the CRR.

Non-trading book exposure to equities

The Group holds a small number of non-trading equity assets. These are held at fair value and designated for accounting purposes as 'available-for-sale' rather than 'held-for-trading' due to the expectation that the Group will hold these for the long term. They are treated in line with the requirements of CRD IV, but are not considered material for the purposes of these disclosures.

CCR1: Analysis of Counterparty Credit Risk RWA by Approach

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

$m	Current Market Value	Potential Future Exposure	EEPE	Multiplier	EAD post-CRM	RWA
Mark to Market	10,304	12,180			7,790	3,970
IMM (for Derivatives and SFTs)			11,427		17,418	8,448
Of which derivatives			5,700	1.6	9,096	6,151
Of which securities financing transactions			5,727	1.6	8,321	2,297
Master Netting Agreement					11,578	4,013
Total					**36,787**	**16,431**

CCR2: Credit Valuation Adjustment

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

$m	EAD	RWA
Total Portfolios Subject to the Advanced Method	5,060	1,316
(i) VaR component (including the 3×multiplier)		561
(ii) Stressed VaR component (including the 3×multiplier)		755
All Portfolios Subject to the Standardised Method	4,580	721
Total subject to the CVA capital charge	**9,640**	**2,037**

Total CVA charge has reduced over the year, driven mainly by decrease in charge under standardised method. The reduction is due to additional index hedge purchased during the year.

CCR7: RWA Flow Statements of CCR Exposures under IMM

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

$m	RWA	Capital Requirements [1]
RWA as at Dec-19	**9,016**	**721**
Asset size	(721)	(58)
Model Updates	-	-
Credit Quality of Counterparties	6	0
RWA as at Mar-20	**8,301**	**664**

1. *Pillar 1 capital requirement*

The driver of changes in RWA is predominantly due to changes in the composition of the portfolio. The change in CQS is driven by change in the ratings of a small number of counterparties.

CCR8: Exposures to Central Counterparties

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

$m	EAD post-CRM	RWAs
Exposures to QCCPs (total)		204
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	5,395	108
(i) OTC derivatives	3,244	65
(ii) Exchange-traded derivatives	729	15
(iii) SFTs	1,422	28
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	2,492	-
Non-segregated initial margin	598	12
Prefunded default fund contributions	306	85
Alternative calculation of own funds requirements for exposures	-	-

Impact of a Credit Downgrade on Collateral Pledged

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

Two notch downgrade in the credit rating of NSC would trigger the pledge of a further $37.1m of collateral.

Credit Risk

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

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

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

The table shows the Group and NIP's credit risk exposures classified by exposure class as at the current year end and the average throughout the FY 19-20. It presents exposures after provisions but before credit risk mitigation ("CRM") and CCF.

	The Group		NIP	
$m	**Mar-20**	**Average**	**Mar-20**	**Average**
Central Governments or Central Banks	3,039	3,878	1,781	2,389
Corporates	4,797	5,312	2,894	3,572
Institutions	2,670	2,304	1,458	1,150
Public Sector Entities	124	125	1	1
Regional governments or Local Authorities	0	120	0	0
Multilateral Development Banks	0	2	0	0
Equity Exposures	24	31	37	44
Other Items	328	254	277	198
Exposures in default	49	12	49	12
Total	**11,030**	**12,039**	**6,497**	**7,367**

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

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

	The Group						
$m	**Financial and Insurance Activities**	**Public Administration and Defence, Compulsory Social Security**	**Manufacturing**	**Information and Communication**	**Real Estate Activities**	**Others**	**Total**
Central Governments or Central Banks	2,303	726	-	-	-	10	3,039
Corporates	2,006	-	688	231	188	1,683	4,797
Institutions	2,515	0	-	-	-	155	2,670
Multilateral Development Banks	-	0	-	-	-	-	0
Public Sector Entities	1	0	-	-	-	123	124
Regional governments or Local Authorities	-	0	-	-	-	-	0
Equity Exposures	-	-	-	-	-	24	24
Other Items	-	-	-	-	-	328	328
Exposures in default	33	-	-	-	-	17	49
Total	**6,857**	**726**	**688**	**231**	**188**	**2,340**	**11,030**

$m	NIP						
	Financial and Insurance Activities	Public Administration and Defence, Compulsory Social Security	Manufacturing	Information and Communication	Real Estate Activities	Others	Total
Central Governments or Central Banks	1,714	67	-	-	-	-	1,781
Corporates	1,431	-	383	185	128	767	2,894
Institutions	1,454	0	-	-	-	3	1,458
Multilateral Development Banks	-	0	-	-	-	-	0
Public Sector Entities	1	0	-	-	-	0	1
Regional governments or Local Authorities	-	0	-	-	-	-	0
Equity Exposures	-	-	-	-	-	37	37
Other Items	-	-	-	-	-	277	277
Exposures in default	33	-	-	-	-	17	49
Total	**4,633**	**67**	**383**	**185**	**128**	**1,101**	**6,497**

CRB-C: Credit Risk Exposures by Region and Country

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

	The Group																							
$m	**EMEA**	United Kingdom	France	Luxembourg	Germany	Switzerland	Spain	Belgium	Netherlands	United Arab Emirates	Other Countries	**Americas**	United States	British Virgin Islands	Venezuela	Cayman Islands	Other Countries	**Asia**	Japan	Australia	Hong Kong	China	Other Countries	**Grand Total**
Central Governments or Central Banks	**2,353**	1,730	2	471	53	77	0	14	0	1	5	**31**	10	-	21	-	0	**654**	651	-	-	-	3	**3,039**
Corporates	**3,760**	1,691	1,010	212	45	5	255	0	139	135	268	**719**	652	26	-	21	19	**318**	264	1	6	42	4	**4,797**
Institutions	**1,203**	379	92	6	100	327	10	204	4	-	80	**415**	412	-	-	-	3	**1,052**	686	38	125	184	18	**2,670**
Multilateral Development Banks	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**-**
Public sector entities	**123**	-	123	-	0	-	-	-	-	-	0	**0**	0	-	-	-	-	**1**	1	-	-	-	0	**124**
Regional governments or local authorities	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**-**
International Organisations	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**-**
Equity Exposures	**24**	19	-	-	5	-	-	-	-	-	0	**0**	0	0	-	0	0	**-**	-	-	-	-	-	**24**
Other items	**328**	281	18	10	16	2	-	-	-	-	0	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**328**
Exposures in default	**49**	9	-	-	-	-	-	-	-	7	33	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**49**
Total	**7,839**	**4,110**	**1,246**	**699**	**219**	**412**	**266**	**217**	**143**	**143**	**386**	**1,165**	**1,074**	**26**	**21**	**21**	**23**	**2,025**	**1,602**	**40**	**132**	**227**	**25**	**11,030**

	NIP																							
$m	**EMEA**	United Kingdom	France	Luxembourg	Spain	Netherlands	United Arab Emirates	Belgium	Germany	Italy	Other Countries	**Americas**	United States	Canada	Venezuela	British Virgin Islands	Other Countries	**Asia**	Japan	Australia	Hong Kong	Republic of Korea (South)	Other Countries	**Grand Total**
Central Governments or Central Banks	**1,745**	1,725	1	-	0	0	1	14	0	1	3	**31**	10	-	21	-	0	**5**	1	-	-	2	1	**1,781**
Corporates	**2,499**	1,428	98	197	255	130	134	0	30	67	159	**106**	46	16	-	26	18	**288**	264	1	6	2	15	**2,894**
Institutions	**896**	579	2	4	1	0	-	174	118	1	17	**277**	274	3	-	-	0	**285**	174	36	54	15	7	**1,458**
Multilateral Development Banks	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**0**	-	-	-	-	0	**0**
Public sector entities	**0**	-	-	-	-	-	-	-	0	-	0	**0**	0	-	-	-	-	**1**	1	-	-	-	0	**1**
Regional governments or local authorities	**-**	-	-	-	-	-	-	-	-	-	-	**0**	-	-	-	-	0	**-**	-	-	-	-	-	**0**
International Organisations	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**-**
Equity Exposures	**37**	19	-	-	-	-	-	-	18	-	0	**0**	0	-	-	0	0	**-**	-	-	-	-	-	**37**
Other items	**277**	277	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**277**
Exposures in default	**49**	9	-	-	-	-	7	-	-	-	33	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**49**
Total	**5,503**	**4,037**	**101**	**202**	**256**	**130**	**143**	**187**	**166**	**69**	**212**	**415**	**331**	**19**	**21**	**26**	**19**	**579**	**440**	**37**	**60**	**19**	**23**	**6,497**

CRB-E: Credit Risk Exposures by Maturity

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

	The Group				
$m	Up to 1 Year	1 to 5 Years	Greater Than 5 Years	Undefined Maturity	Total
Central Governments or Central Banks	2,939	100	-	-	3,039
Corporates	781	1,720	2,296	-	4,797
Institutions	2,588	82	-	-	2,670
Multilateral Development Banks	0	-	-	-	0
Public Sector Entities	1	-	123	-	124
Regional governments or Local Authorities	0	-	-	-	0
Equity Exposures	-	-	-	24	24
Other Items	187	28	113	-	328
Exposures in default	-	49	-	-	49
Total	**6,497**	**1,978**	**2,531**	**24**	**11,030**

	NIP				
$m	Up to 1 Year	1 to 5 Years	Greater Than 5 Years	Undefined Maturity	Total
Central Governments or Central Banks	1,768	13	-	-	1,781
Corporates	490	1,132	1,272	-	2,894
Institutions	1,135	322	-	-	1,458
Multilateral Development Banks	0	-	-	-	0
Public Sector Entities	1	-	-	-	1
Regional governments or Local Authorities	0	-	-	-	0
Equity Exposures	-	-	-	37	37
Other Items	184	23	71	-	277
Exposures in default	-	49	-	-	49
Grand Total	**3,578**	**1,539**	**1,342**	**37**	**6,497**

Operational Risk

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

The Three Lines of Defence

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

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

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

Market Risk

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

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

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

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

The Group uses a single VaR model which has been implemented globally in order to determine the total trading VaR. A historical simulation is implemented, where historical market moves over a two-year window are applied to current exposure in order to construct a profit and loss distribution. Potential losses can be estimated at required confidence levels or probabilities. A scenario weighting scheme is employed to ensure that the VaR model responds to changing market volatility. For regulatory capital calculation and backtesting process, the higher of weighted and unweighted VaR is used, whereas for internal risk management purposes the weighted VaR is used.

To complement VaR under Basel 2.5 regulations, the Group also computes SVaR, which samples from a one-year window during a period of financial stress. Both VaR and SVaR are based on a single model that diversifies general and specific risk. Both VaR and SVaR are calculated daily using actual 10-day historical market moves. The historical two-year window for VaR is updated once every two days. The stress period used in SVaR model is the optimal one-year window, which is calibrated daily by maximising SVaR over rolling one-year window between start of 2008 and the reporting date.

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

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

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

MR1: Market Risk under the Standardised Approach

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

	Group		NIP	
$m	RWA	Capital Requirements(1)	RWA	Capital Requirements(1)
Outright products				
Interest rate risk (general and specific)	1,459	117	1,459	117
Equity risk (general and specific)	76	6	76	6
Foreign exchange risk	604	48	595	48
Commodity risk	-	-	-	-
Options				
Simplified approach	-	-	-	-
Delta-plus method	0	0	0	0
Scenario approach	-	-	-	-
Securitisation (specific risk)	-	-	-	-
Total	**2,139**	**171**	**2,131**	**170**

1. *Pillar 1 capital requirement*

MR2-A: Market Risk under the Internal Model Approach

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

	The Group		NIP	
$m	RWA	Capital Requirements(2)	RWA	Capital Requirements(2)
VaR (10 day 99%)				
Period end	482	39	468	37
60 Day Average Multiplied by 4	1,617	129	1,603	128
Higher value[1]	1,617	129	1,603	128
Stressed VaR (10 day 99%)				
Period end	602	48	572	46
60 Day Average Multiplied by 4	2,039	163	2,009	161
Higher value[1]	2,039	163	2,009	161
Incremental Risk Charge (99.9%)				
Period end	283	23	281	23
60 Day Average	336	27	335	27
Higher value[1]	336	27	335	27
Comprehensive Risk capital charge (99.9%)				
Period end	0	0	0	0
60 Day Average	0	0	0	0
Higher value[1]	0	0	0	0
Risk Not In VaR	111	9	111	9
Stressed Risk Not In VaR	1,910	153	1,891	151
Total	**6,013**	**481**	**5,949**	**476**

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

MR2-B: Model RWA Flow Statements

The table shows a breakdown of the changes in IMA market risk RWA between January 2020 and March 2020

	The Group						
$m	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Capital Requirements(1)
RWA at Dec-19	**1,664**	**2,024**	**364**	**10**	**3,277**	**7,339**	**587**
Movement in risk levels	(44)	(63)	(28)	0	(627)	(762)	(61)
Model updates/changes	(3)	78	0	0	78	153	12
Var multiplier	62	78	-	-	78	-	-
VaR window change/ model updates	(65)	-	-	-	-	-	-
Methodology and Policy	-	-	-	-	(707)	(707)	(56)
Other	-	-	-	(10)	-	(10)	(1)
RWA at Mar-20	**1,617**	**2,039**	**336**	**0**	**2,021**	**6,013**	**481**

	NIP						
$m	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Capital Requirements(1)
RWA at Dec-19	**1,655**	**2,004**	**363**	**10**	**3,262**	**7,294**	**583**
Movement in risk levels	(49)	(73)	(28)	0	(631)	(781)	(62)
Model updates/changes	(3)	78	0	0	78	153	12
Var multiplier	62	78	-	-	78	-	-
VaR window change/ model updates	(65)	-	-	-	-	-	-
Methodology and Policy	-	-	-	-	(707)	(707)	(56)
Other	-	-	-	(10)	-	(10)	(1)
RWA at Mar-20	**1,603**	**2,009**	**335**	**0**	**2,002**	**5,949**	**476**

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

Movements in the Group's RWA under IMA

The VaR multiplier changed from 3.85 to 4.

Reduction in Other ("RNIV") was mainly due to:

- Movement in risk levels - $38m Counter cyclical buffer (absolute versus relative Credit Spread shocks), $10m CCP, $8m Time Zone.
- Introduction of RNIV offset – extra capital due to higher multiplier is subtracted from RNIV.

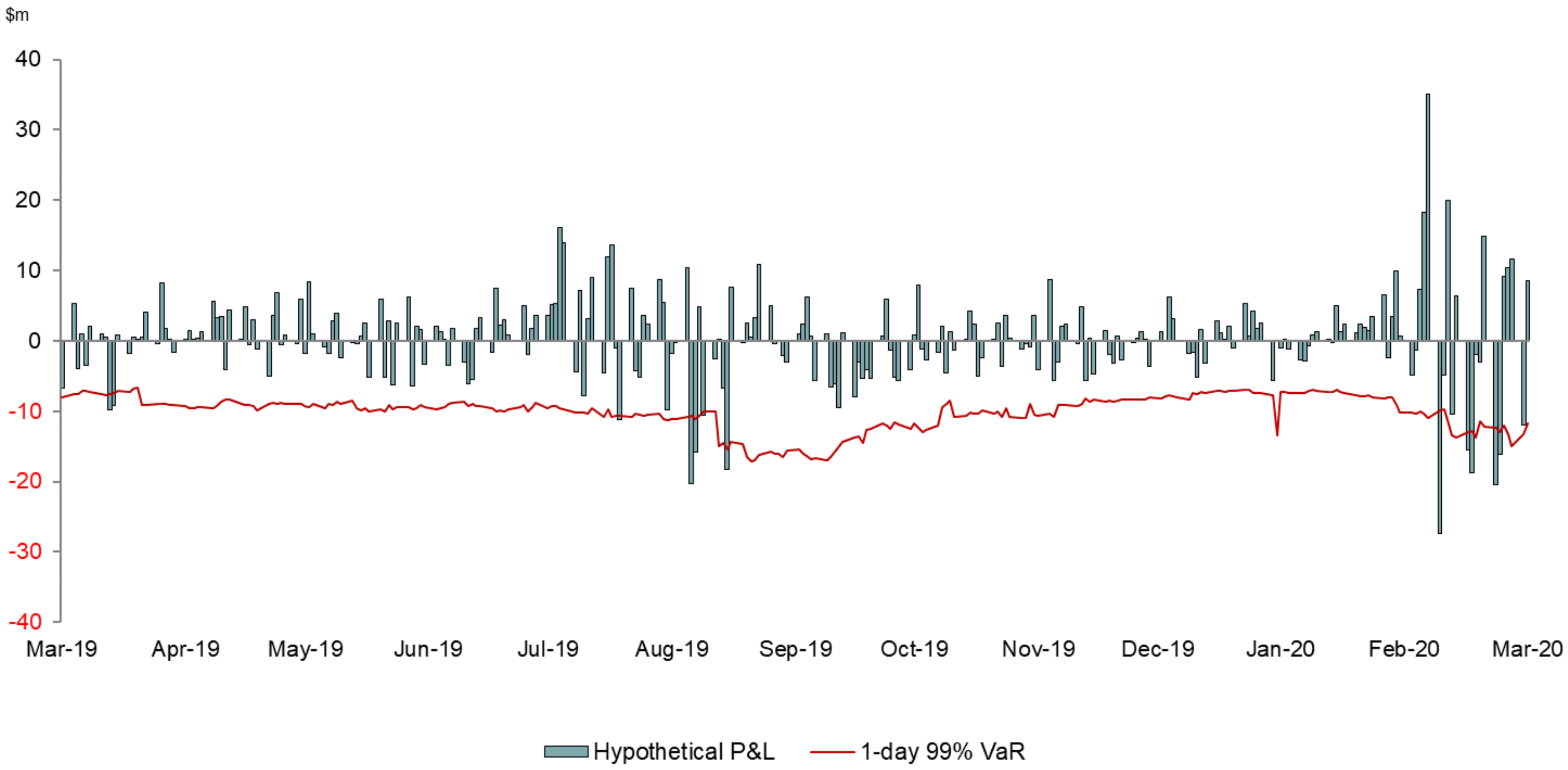
MR3: Review of Market Risk Regulatory Measures

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

$m	The Group	NIP
VaR (10 day 99%)		
Maximum value	54	54
Average value	30	30
Minimum value	21	21
Period end	39	37
SVaR (10 day 99%)		
Maximum value	127	126
Average value	42	41
Minimum value	25	24
Period end	48	46
IRC (99.9%)		
Maximum value	43	43
Average value	29	29
Minimum value	21	21
Period end	23	23
Comprehensive Risk capital charge (99.9%)		
Maximum value	-	-
Average value	-	-
Minimum value	-	-
Period end	-	-

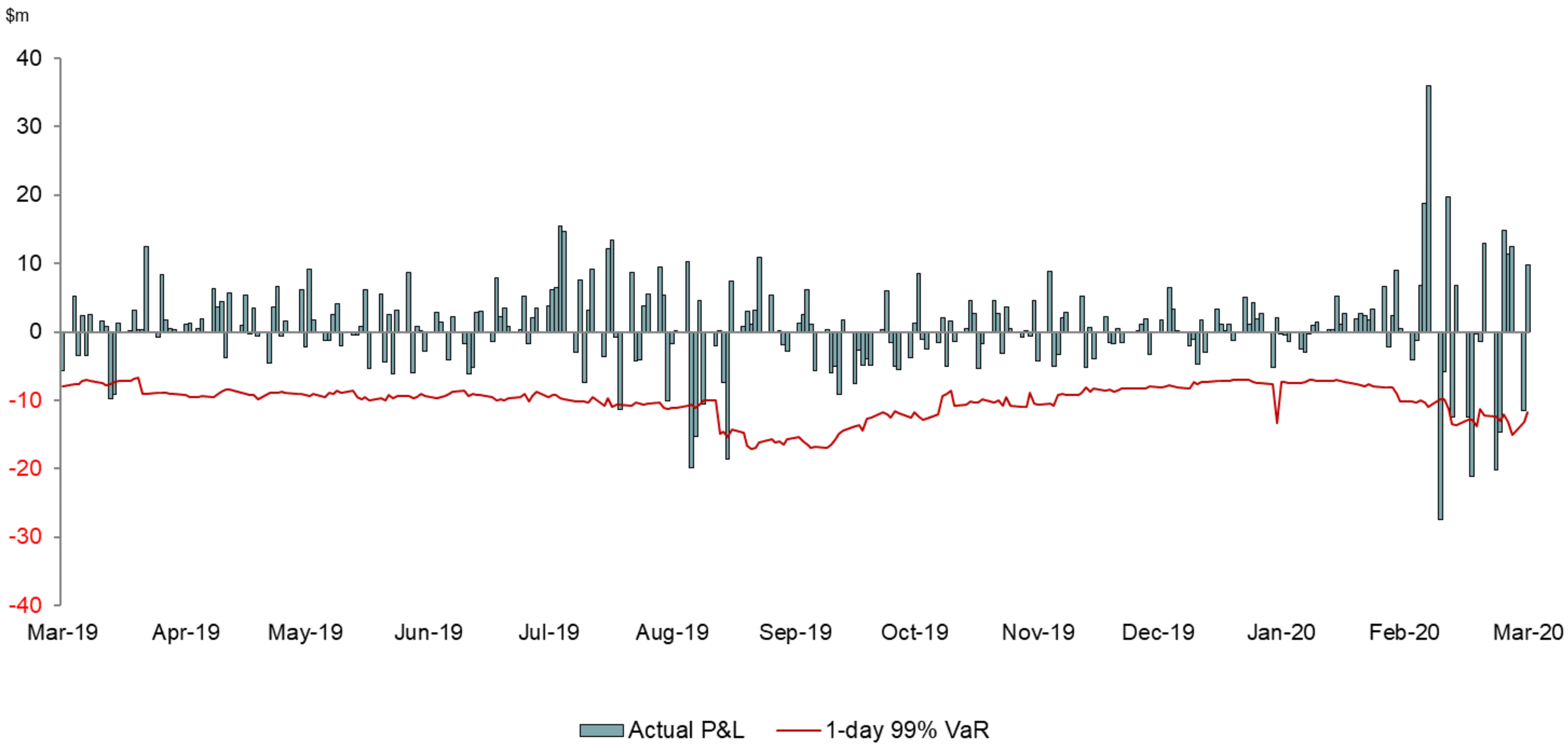
MR4: Comparison of VaR Estimates with Hypothetical Gains / Losses for NIP

The chart below provides a comparison of VaR to the hypothetical profit and loss on a daily basis over the fiscal year ended 31st March 2020 for NIP's PRA approved internal model approach.



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

The chart below provides a comparison of VaR to the actual profit and loss on a daily basis over the fiscal year ended 31st March 2020 for NIP's PRA approved internal model approach.



1-day trading losses exceeded the 99% VaR estimate on five occasions for the Company for the year ended 31 March 2020. However, out of the 10 exceptions over the past 250 days, 5 were recorded in the month of March 2020 on account of COVID-19 related volatility. These were excluded from the exception count as per the statement on VaR Backtesting Exceptions temporary approach issued by the PRA on 30 March 2020.

Sensitivity of the Banking Book to Changes in Interest Rates

Trading Book and Banking Book

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

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

Analytical Techniques to Measure IRRBB

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

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

Market Risk Limit

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

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

As of March 2020, a scenario of Parallel up, which assumes interest rates across all maturities shifting by same number of basis points, would have resulted in a loss of \$7.4m.

Securitisations

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

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

Other Risk Types

Liquidity Risk

Liquidity risk is the risk that a firm may be unable to meet all contractual and contingent liabilities (both on and off balance sheet) as they fall due, including during periods of market and/or idiosyncratic stress. The Group maintains sufficient sources of funding for business-as-usual unsecured funding demand and contingent liquidity needs, informed by stress modelling, as well as the business strategy and budgeting process.

Cross-Border Risk

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

Model Risk

Models are mathematical representations describing a causal relationship between observable information and future events. The Group uses the output of models for a number of reasons, including to value financial products, measure the firm's market, counterparty, credit, and liquidity risk, and to support independent price verification.

Model limitations, incorrect use of a model, or changes in the market environment may introduce additional uncertainty to a model's outputs, regarded as model risk. Model risk can ultimately lead to financial loss, incorrect decision making, or damage to the firm's credibility. NHI established a risk management approach to mitigate model risk, which the Group adopts.

Non-Financial Risk

NEHS is exposed to non-financial risk as a consequence of conducting business and ensures relevant control frameworks are in place to prevent, minimize and manage these risks appropriately. NEHS categorises non-financial risks into a number of categories like reputational, legal, compliance, tax, etc. and these are defined in the Risk Appetite Statement.

Leverage Ratio

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

Calculation Overview

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

Leverage Exposure Management

Management of exposure to leverage forms a key part of the Group's overall strategy and business plan.

LRSum: Leverage Reconciliation of Account Assets and Leverage Ratio Exposure

CRR Article 451

$m	The Group	NIP
Total assets as per published financial statements[1]	**8,785**	**289,117**
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation [2]	283,120	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	-	-
Adjustments for derivative financial instruments	(126,147)	(127,355)
Adjustments for securities financing transactions "SFTs"	(4,352)	(3,093)
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,469	1,395
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013) [3]	-	(3,354)
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-	-
Other adjustments	(118)	(106)
Total leverage ratio exposure	**162,757**	**156,604**

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

LRCom: Leverage Ratio Common Disclosure

$m	The Group	NIP
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	38,377	35,204
(Asset amounts deducted in determining Tier 1 capital)	(23)	(11)
Total on-balance sheet exposures	**38,354**	**35,193**
Derivative exposures		
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	5,123	4,837
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	43,266	43,195
Exposure determined under Original Exposure Method	-	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(11,070)	(11,195)
(Exempted CCP leg of client-cleared trade exposures)	(909)	(909)
Adjusted effective notional amount of written credit derivatives	197,139	197,194
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(196,490)	(196,517)
Total derivative exposures	**37,059**	**36,604**
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	233,479	233,111
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(157,456)	(157,491)
Counterparty credit risk exposure for SFT assets	9,851	11,146
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-	-
Agent transaction exposures	-	-
(Exempted CCP leg of client-cleared SFT exposure)	-	-
Total securities financing transaction exposures	**85,874**	**86,766**
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	4,431	4,431
(Adjustments for conversion to credit equivalent amounts)	(2,961)	(3,035)
Total Other off-balance sheet exposures	**1,469**	**1,395**
Exempted exposures(1)		
(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	(3,354)
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
Total Exempted exposures	**-**	**(3,354)**
Capital and total exposures		
Tier 1 capital	**5,210**	**5,058**
Total leverage ratio exposures	**162,757**	**156,604**
Leverage ratio	**3.2%**	**3.2%**
Choice on transitional arrangements and amount of derecognised fiduciary items		
Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in
Amount of derecognised fiduciary items (2)	-	-

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

Movements in Leverage Exposure over the Period

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

The Group's Leverage exposure has decreased by $9bn since Mar-19. Increase in leverage ratio of 0.3% is driven by capital injection and reduction in leverage exposure.

LRSpl: Breakdown of On Balance Sheet Leverage Exposures

$m	The Group	NIP
Trading book exposures	30,086	30,126
Banking book exposures, of which:	8,291	5,078
Exposures treated as sovereigns	2,982	1,724
Institutions	2,932	1,446
Corporate	1,973	1,543
Exposures in default	49	49
Other exposures	353	314
Total on-balance sheet exposures	**38,377**	**35,204**

Liquidity

Strategies and Processes in the Management of Liquidity Risk

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

Structure and Organisation of the Liquidity Risk Management Function

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

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

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

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

Scope and Nature of Liquidity Risk Reporting and Measurement Systems

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

Ongoing Liquidity Risk monitoring and Mitigation

Maximum Cumulative Outflow (MCO)

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

Liquidity Coverage Ratio (LCR)

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

Internal Liquidity Adequacy Assessment Process (ILAAP)

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

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

The ILAAP document is a Board approved document, following review and recommendation by governance committees including the Board Risk Committee, NEHS ALCO, and the ICAAP / RRP Committee that will take on responsibilities around the ILAAP going forward.

Overall Adequacy of Liquidity Risk Management

The LRM Framework in conjunction with the ILAAP provides a comprehensive overview of the Group's overarching liquidity risk management framework that ensures liquidity risk is managed effectively, whilst pursuing Nomura's overall business strategy and objectives. The frameworks in place are continuously reviewed and enhanced on an ongoing basis.

The ILAAP concludes:

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

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

NEHS maintains sufficient sources of funding for business-as-usual unsecured funding demand and contingent liquidity needs, informed by stress modelling, as well as the business strategy and budgeting process.

The core pillars of the LRM Framework are summarised below:

- Daily monitoring and compliance to Board-approved Liquidity Risk Appetite and management buffers, applying to both MCO and LCR minimum requirements
- Maintenance of a sufficient Liquidity Pool ("LP") to meet all contractual and contingent liabilities as they fall due
- Daily monitoring of a range of Early Warning Indicators (EWIs) and Contingency Funding Plan ("CFP") Triggers

- Intraday monitoring and reporting of cross-currency exposures with defined thresholds and escalation processes in place
- Review and approval of new business transactions and strategies, assessing impact on funding and liquidity

LIQ1: LCR Disclosure for the Group

$m	Total unweighted value				Total weighted value			
Quarter ending on	**30 Jun 2019**	**30 Sep 2019**	**31 Dec 2019**	**31 Mar 2020**	**30 Jun 2019**	**30 Sep 2019**	**31 Dec 2019**	**31 Mar 2020**
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High Quality Liquid Assets								
Total High-Quality Liquid Assets (HQLA)					**23,745**	**23,260**	**22,965**	**23,085**
Cash Outflows								
Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
Stable deposits	-	-	-	-	-	-	-	-
Less stable deposits	-	-	-	-	-	-	-	-
Unsecured wholesale funding	4,055	4,229	4,412	4,479	2,688	2,737	2,848	2,925
Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,777	1,953	2,055	2,055	444	488	514	514
Non-operational deposits (all counterparties)	1,908	1,878	1,904	1,989	1,874	1,851	1,881	1,976
Unsecured debt	370	398	453	436	370	398	453	436
Secured wholesale funding					20,840	21,479	22,531	22,776
Additional requirements	6,178	5,826	5,721	5,697	4,975	4,704	4,622	4,660
Outflows related to derivative exposures and other collateral requirements	4,971	4,637	4,528	4,532	4,713	4,457	4,391	4,453
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	1,207	1,189	1,193	1,165	262	247	232	207
Other contractual funding obligations	8,967	8,813	8,702	8,623	8,733	8,567	8,448	8,362
Other contingent funding obligations	1,054	1,089	1,139	1,136	323	333	367	382
Total Cash Outflows					**37,558**	**37,820**	**38,816**	**39,105**
Cash Inflows								
Secured lending (e.g. reverse repos)	249,920	249,161	249,071	248,339	18,571	19,351	20,302	20,386
Inflows from fully performing exposures	1,478	1,477	1,549	1,564	996	956	1,037	1,164
Other cash inflows	8,665	8,413	8,300	8,011	8,665	8,412	8,298	8,008
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
(Excess inflows from a related specialised credit institution)					-	-	-	-
Total Cash Inflows	**260,064**	**259,052**	**258,920**	**257,913**	**28,232**	**28,719**	**29,637**	**29,558**
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
Inflows Subject to 75% Cap	209,893	206,777	204,056	203,945	28,232	28,719	29,637	29,558

	Total adjusted value			
Liquidity Buffer	23,745	23,260	22,965	23,085
Total Net Cash Outflows	9,600	9,611	9,855	10,066
Liquidity Coverage Ratio (%)	248%	243%	234%	230%

Note - The Nomura Group’s business model means that some sections of the disclosure are not required to be populated.

Concentration of Funding and Liquidity Sources

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

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

Derivative Exposures and Potential Collateral Calls

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

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

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

Currency Mismatch in the LCR

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

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

Degree of Centralisation of Liquidity Management

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

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

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

Asset Encumbrance

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

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

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

The following tables cover the requirement for all templates under the CRD IV guidelines using 12 month median values. The amount reported in "Other assets" within "carrying amount of unencumbered assets" comprises mainly derivative assets, which are reported gross in accordance with UK GAAP

AE-A: Encumbered and Unencumbered assets for the Group

	Encumbered Assets				Unencumbered Assets			
	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
$m		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
Assets of the reporting institution	**51,177**	**32,072**			**223,188**	**3,570**		
Equity instruments	6,054	2,585			1,529	194		
Debt securities	32,372	29,487	32,372	29,487	1,869	998	1,869	998
of which: covered bonds	4	-	4	-	-	-	-	-
of which: asset-backed securities	101	-	101	-	28	-	28	-
of which: issued by general governments	29,011	28,806	29,011	28,806	1,167	959	1,167	959
of which: issued by financial corporations	2,243	510	2,243	510	184	1	184	1
of which: issued by non-financial corporations	994	141	994	141	468	15	468	15
Other assets	12,211	-			219,804	2,215		
of which: loans and advances other than loans on demand	12,011	-			82,634	2,215		
of which: derivatives	-	-			134,381	-		

AE-B: Collateral Received for the Group

$m	Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
Collateral received by the reporting institution	**149,808**	**116,618**	**25,710**	**20,369**
Loans on demand	-	-	-	-
Equity instruments	23,085	13,997	507	122
Debt securities	126,249	103,052	24,948	20,321
of which: covered bonds	641	-	80	-
of which: asset-backed securities	1,446	75	1,071	-
of which: issued by general governments	105,560	99,993	19,816	19,582
of which: issued by financial corporations	10,587	540	3,182	468
of which: issued by non-financial corporations	8,614	2,431	1,390	305
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	509	-	307	-
Own debt securities issued other than own covered bonds or asset-backed securities	**-**	**-**	**-**	**-**
Own covered bonds and asset-backed securities issued and not yet pledged			**-**	**-**
TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	**189,978**	**139,701**		

AE-C: Sources of Encumbrance for the Group

$m	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	**157,817**	**161,596**
of which: Repurchase agreements	152,182	156,003

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

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

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

Remuneration Disclosures

The Group applies many of the relevant PRA Rulebook (the "Rulebook") principles on a firm-wide basis, however this disclosure specifically relates to remuneration policies and practices as applied to individuals identified as Material Risk Takers ("MRTs").

Individuals have been identified as MRTs based on the qualitative and quantitative criteria set out in the Regulatory Technical Standards (EU) 604/2014 and the Group's own risk assessment of their roles and responsibilities.

Several subsidiaries of the Group, including NIP and NBI, are subject to, and apply, the requirements of the Rulebook, as well as Article 450 of the CRR. This disclosure covers staff identified as MRTs at the Group level as well as NIP and NBI MRTs.

Remuneration Policy

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

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

Good conduct is an essential part of how Nomura does business and builds an inclusive and supportive culture focused on delivering the right outcomes for its stakeholders. Conduct expectations are reinforced and communicated to all employees through a variety of channels such as senior management's actions and communications; maintaining governance frameworks which support effective oversight of the business activities; as well as promoting and encouraging the right behaviours and cultivating healthy cultures through the Group's incentive structures and performance management frameworks.

In 2019, the NEHS Remuneration Policy (the "Remuneration Policy") was updated in line with changes to the Group's Remuneration Committee Terms of Reference and to more closely align with regulatory principles governing remuneration. These changes were approved by the Board of Directors of the Group. The purpose of the policy is to clarify how NHI policies apply in the EMEA region and to set out additional regional policies necessary to satisfy regulatory requirements.

The Remuneration Policy is reviewed and approved annually.

Remuneration Governance

The Group's Remuneration Policy, remuneration frameworks and the remuneration of directors and senior management at Board level is overseen by the Group's Remuneration Committee ("the Committee"). For the 2019/20 fiscal year, the Committee comprised the Chairman of the Board of Directors and all other UK-based Non-Executive Directors of the Board.

The Group's Remuneration Committee Chair formally reports to the Group's Board at the earliest opportunity after each committee meeting to update it on the items discussed, actions arising out of the meeting and to recommend items for approval. Where recommendations to the Board of the Group from the Committee are not unanimous, the Chair will reflect any conflicting views in that recommendation.

The term of office of each member of the Group Remuneration Committee is reviewed periodically, and membership changes must be approved by the Board. Appointments to the Committee are for a period of up to three years, extendable by no more than two additional three-year periods, so long as the majority of members (other than the Board Chair) continue to be independent Non-Executives.

The Committee held 7 meetings for the 2019/20 fiscal year.

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

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

Incentive Funding Determination

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

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

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

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

- Relevant business performance data and key performance indicators, both relative and absolute;
- Qualitative and quantitative reporting from Control Functions highlighting themes, trends or specific issues, summary information on risk events and conduct breaches;
- Market and competitive conditions, franchise stability and protection;
- Sustainable profitability of NHI and capital position of the Group's regulated entities;
- Shareholder interests and the longer term role of the Group within NHI;
- The appropriate levels of market pay to retain experienced and skilled staff particularly in control functions where competitive pressures may be significant;

- Most recent guidance on remuneration from the Regulators; and
- The individual performance of the directors and members of senior management.

In addition to the above for the fiscal year 2019/20, the Committee considered impact of COVID 19 on the markets volatility and the Group's performance.

The Committee separately reviews material individual conduct cases which have been escalated through the Compensation Control Process.

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

Control Functions

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

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

Other areas of input from the Control Functions include:

- Risk Management:
  - Provides functional view on the effectiveness of the 1st Line of Defence's control environment;
  - Comments on any risk issues that should impact bonus funding levels or affect the compensation of individuals or groups; and
  - Highlights instances where a business or individual has breached risk levels.
- Compliance :
  - Provides functional view on the effectiveness of the 1st Line of Defence's control environment;
  - Provides input on Compliance issues, concerns and areas of focus, e.g. material change in Conduct Profile of business areas, significant individual or group breaches or persistent cases of low level non-compliance with Group policies;
  - Raises issues relating to individual or more widespread conduct issues as part of the Conduct Process set out in the Performance Adjustment Process referred to below;
  - Maintains an active dialogue with heads of key businesses and Control Functions which also gives the opportunity to raise concerns or flags about the behaviour or conduct of individuals or groups.
- Finance:
  - Provides an update on the financial performance of the Group at each Committee meeting; and
  - Plays a key part in the year end process:
    - Provides detailed performance data on each of the wholesale businesses to the Committee; and
    - Provides the Committee an independent affordability recommendation for aggregate pool funding.

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

Nomura Remuneration Framework

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

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

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

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

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

In certain situations, severance payments can be made to leavers. In accordance with the regulatory requirements, they reflect performance achieved over time and they do not reward failure or misconduct.

The Group applied for shareholder approval on the extension of the ratio between the fixed and variable components to 1:2 for MRTs in accordance with the procedure set out under the Rulebook. This was approved on 7 March 2014. No award of variable remuneration paid to a MRT in respect of the 2019/20 performance year exceeded twice their fixed remuneration.

Variable Remuneration Delivery

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

Cash bonus

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

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

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

For The Group staff identified as MRTs, 50% of any cash bonus is delivered in Notional Stock Units (NSUs) which pay out 12 months from the initial award.

Deferred remuneration

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

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

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

NHI operates a number of deferred remuneration plans.

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

Restricted Stock Unit ("RSU") Plan

Each RSU delivers one share of NHI common stock. For 2019/20 awards, they are deferred over three years vesting in three equal annual instalments.

Notional Stock Unit ("NSU") Plan

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

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

Deferred Cash ("DCA") Plan

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

Material Risk Takers

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

Legacy Plans granted in prior performance years

Stock Acquisition Right ("SAR") Plan B

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

Collared Notional Stock Unit ("CSU") Plan

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

Notional Indexed Unit ("NIU") Plan

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

Performance Adjustment of Deferred Awards

Malus

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

- NHI, or any related entity is required to materially restate any of its financial statements for the fiscal year in which the grant was based on;
- The Grantee materially violates one of NHI's or an NHI Group entity's written policies
- The Grantee causes or has caused material detriment to the business or reputation of NHI or any NHI Group entity
- NHI or any NHI Group entity suffers a material downturn in performance
- NHI or any NHI Group entity suffers a material failure of risk management
- The relevant team, business area, NHI Group entity or profit centre in which the Grantee works or has worked has been found to be in breach of any company laws, rules or code of conduct or is accountable for any material error

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

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

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

Performance Adjustment of all Variable Awards

Clawback

For the Group staff identified as MRTs, 100% of all variable pay awarded in relation to the 2019/20 performance year is subject to clawback. This applies for a period of up to seven years (ten years for Senior Manager where firm or an individual is under investigation) from the date of payment for upfront cash awards or seven years from the date of award of any deferred awards. The Group shall be entitled to clawback in any of the following circumstances:

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

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

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

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

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

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

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

Performance Adjustment Process

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

Cases considered material are escalated to the Executive Remuneration Review Forum at year end (the "ERRF"; comprising Group CEO, Vice Chair and Head of HR, NEHS if appropriate the meetings are attended by the CFAO NEHS, CRO NEHS, Head of Compliance, NEHS), to determine whether a specific compensation adjustment is appropriate.

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

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

Quantitative Disclosures

The tables below show the aggregated breakdown of remuneration for the fiscal year ended 31st March 2020 for members of the Senior Management and Other staff within the Group.

REM1	Remuneration awarded for the financial year	Senior Management[1]	Other staff[2]	Total
Fixed	Number of staff	18	330	**348**
	Total fixed remuneration ($m)	17.03	131.42	**148.45**
	Of which: cash-based ($m)	9.60	125.64	**135.23**
	Of which: deferred ($m)	0	0	**0**
	Of which: shares or share-linked instruments ($m)	7.43	5.78	**13.22**
	Of which: deferred ($m)	7.43	5.78	**13.22**
Variable	Total variable remuneration ($m)	14.77	104.18	**118.95**
	Of which: cash-based ($m)	3.10	29.42	**32.52**
	Of which: deferred ($m)	0	0	**0**
	Of which: shares or share-linked instruments ($m)	11.67	74.76	**86.43**
	Of which: deferred ($m)	8.73	49.89	**58.62**
Total Remuneration ($m)		**31.80**	**235.60**	**267.40**
REM2	**Special Payments**	**Senior Management**	**Other staff**	**Total**
Guaranteed variable remuneration – number of staff		0	4	**4**
Guaranteed variable awards ($m) – total amount		0	2.05	**2.05**
Severance[7] payments awarded during the financial year – number of staff		0	7	**7**
Severance payments awarded during the financial year ($m) – total amount		0	1.54	**1.54**
Of which paid during the financial year		0	1.54	**1.54**
Of which deferred		0	0	**0**
Of which highest payment that has been awarded to a single person ($m)		0	0.30	**0.30**

REM3 Deferred and retained remuneration	***Senior Management***		***Other staff***	
	Cash-based	Shares or equivalent ownership interest	Cash-based	Shares or equivalent ownership interest
Total amount of outstanding deferred remuneration ($m)	16.93	3.68	6.31	31.02
Of which total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment ($m)	16.93	3.68	6.31	31.02
Total amount of amendment during the year due to ex post explicit adjustments ($m)	0	0	0	0
Total amount of amendment during the year due to ex post implicit adjustments ($m)	1.08	0.54	0	4.93
Total amount of deferred remuneration paid out in the financial year ($m)	0.58	1.66	8.46	30.06

REM4[8] EUR	Identified staff that are high earners as set out in Article 450(i)
1 000 000 to below 1 500 000	35
1 500 000 to below 2 000 000	15
2 000 000 to below 2 500 000	9
2 500 000 to below 3 000 000	3
3 000 000 to below 3 500 000	2
3 500 000 to below 4 000 000	2
more than 4 000 000	3

*aggregated table prepared in Euros in accordance with Article 450 of the Capital Requirements Regulation.

Notes:

1. *'Senior Management' comprises Non-Executive Directors and Executive Directors of The Group Board of Directors, members of the Group Executive Committee and all individuals certified as Senior Manager function holders under the SMCR*
2. *'Other staff' comprises all other staff identified as Material Risk Takers for the fiscal year*
3. *Top two tables reflect remuneration awarded in respect of performance during fiscal year ended 31st March 2020*
4. *Awards outstanding at 31st March 2020 have been valued based on deferred vehicle prices as at 31st March 2020*
5. *Awards paid out based on deferred vehicle prices at time of vesting*
6. *'Performance Adjustment' is defined as the application of malus and/or clawback*
7. *Severance payments include all payments made in association with termination of employment, such as payments in lieu of notice/benefits or ex-gratia payments. Includes MRTs with termination date within the financial year*
8. *Table prepared in Euros in accordance with Article 450 of the CRR (exchange rate 0.89788)*

Qualitative Disclosures

Equivalent Pillar 3 disclosures

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

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

The NHI Basel III Pillar 3 disclosures for 31st March 2020 can be found at the following link: NHI Pillar 3.

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

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

Title and number of the disclosure requirements	Document	Title reference in the document	Page(s)
Risk management, objectives and policies			
Institution risk management approach (Table EU OVA) Articles 435(1)(a), 435(1)(b), 435(1)(c), 435(1)(f), 435(2)(e)	NIP Annual Report	RISK MANAGEMENT	Page 5
		Risk management strategy	Page 80
		Risk management structure	Pages 81-82
		Risk Appetite	Page 84
		Risk Policy Framework	Page 85
		Monitoring, Reporting and Data Integrity	Page 85
		Liquidity Risk	Page 81
		Operational Risk	Page 103-104
		Model Risk	Page 104
		Business Risk	Page 104
	NHI 20-F	Stress testing (Market Risk)	Page 119
		Stress testing (Credit Risk)	Page 121
		Stress Testing	Page 126
Credit risk, counterparty credit risk and credit risk mitigation techniques			
General qualitative information about credit risk (Table EU CRA) Articles 435(1)(a), 435(1)(b), 435(1)(d), 435(1)(f)	NIP Annual Report	Risk management structure	Pages 81-82
		Credit Risk	Page 90
		Credit Risk Management Process	Page 90 (A)
		Credit Risk Measures	Page 90 (B)
		Credit Limits	Page 91 (C)
Qualitative information about counterparty credit risk (Table EU CCRA) Articles 435(1)(a), 439(a), 439(b), 439(c)	NIP Annual Report	Financial guarantees	Page 45 (K)
		Credit Limits (re: Credit NCAT)	Page 91 (C)
		Wrong Way Risk	Page 91 (D)
		Risk Mitigation	Page 92 (E)
Qualitative information about credit risk mitigation techniques (Table EU CRC) Articles 435(1)(a), 453 (a), 453 (b), 453 (c), 453 (d), 453 (e)	NIP Annual Report	Collateral and other credit enhancements	Page 46 (L)
		Risk Mitigation	Page 92 (E)
		Credit Risk Exposure / Concentration of Credit Risk	Page 96
		Note 20. Offsetting Disclosures	Pages 123-124
Market Risk and Internal Model Approach (IMA)			
Qualitative disclosure requirements related to market risk (Table EU MRA) Articles 435(1) (a), 435(1) (b), 435(1) (d), 455(c) re: Art. 104	NIP Annual Report	Risk management structure	Pages 81-82
		Market Risk	Page 85
		Market Risk: Trading	Page 86 (A)
		Market Risk: Non-Trading	Page 90 (D)
Qualitative disclosure requirements for institutions using the IMA	NIP Annual Report	Use of the Internal Models for Market Risk	Page 86
		Value at Risk	Page 86

(Table EU MRB) Articles 455(a)(i), 455(a)(ii), 455(a)(iii), 455(a)(iv) and 455(b)	VaR Methodology Assumptions	Page 86
	VaR Backtesting	Page 87
	Limitations and Advantages of VaR	Page 88
	Incremental Risk Charge (“IRC”)	Page 89 (B)
	Stress testing of internal risk models	Page 89 (C)

Appendix 1 – Other Disclosures

Capital Instruments and Eligible MREL Liabilities – Main Features Report

MREL was applicable to NEHS and NIP from 1 January 2020 and as such both entities converted all of its Tier 2 Subordinated Debt into long term MREL eligible debt in order to meet the Bank of England's MREL requirement. In addition, NIP converted a proportion of its senior unsecured debt into long term MREL eligible debt. Both NEHS and NIP maintain sufficient capital resources to comply with MREL as required by the Bank of England from 1 January 2020.

The tables below shows the capital instruments and eligible MREL liabilities for the Group and NIP.

CCA: The Group Capital Instrument Features

Capital Instruments main features template		Ordinary Shares	Subordinated debt	Subordinated debt
1	Issuer	Nomura Europe Holdings Plc.	Nomura Holdings, Inc.	Nomura Holdings, Inc.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	NA	NA	NA
3	Governing Law(s) of the instrument	English Law	English Law	English Law
3a	Means by which enforceability requirement of section 13 of the TLAC term sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	NA	NA	NA
	Regulatory Treatment			
4	Transitional CRR	Common Equity Tier 1	Tier 2	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2	Tier 2
6	Eligible at Solo/(sub-)consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified for each Jurisdiction)	Ordinary Shares	Long-term Subordinated Loan facility	Long-term Subordinated Loan facility
8	Amount recognised in Regulatory Capital (Currency in million, as of most recent reporting date)	$11,391m	$1,260m	$900m
9	Nominal amount of instrument	$11,391m	$1,260m	$900m
9a	Issue Price	$1 per share	$1,260m	$900m
9b	Redemption price	NA	$1,260m	$900m
10	Accounting classification	Shareholders' equity	Liability - Amortised Cost	Liability - Amortised Cost
11	Original date of issuance	Various	18/12/2019	18/12/2019
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No Maturity	18/12/2026	18/12/2026
14	Issuer call subject to prior supervisory approval	NA	Yes	Yes

Capital Instruments main features template		Ordinary Shares	Subordinated debt	Subordinated debt
15	Optional call date, contingent call dates and redemption amount	NA	Callable from second anniversary of the issuance date, subject to the borrower obtaining prior consent from the PRA for early repayment of the loan	Callable from second anniversary of the issuance date, subject to the borrower obtaining prior consent from the PRA for early repayment of the loan
16	Subsequent call dates, if applicable	NA	Callable at 30 days' notice following the second anniversary of the issuance date, subject to the borrower obtaining prior consent from the PRA for early repayment of the loan	Callable at 30 days' notice following the second anniversary of the issuance date, subject to the borrower obtaining prior consent from the PRA for early repayment of the loan
	Coupons/ dividends			
17	Fixed or floating dividend/ coupon	Floating	Floating	Floating
18	Coupon rate and any related index	NA	LIBOR + 185bp	LIBOR + 185bp
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in term of timing)	Fully discretionary	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in term of amount)	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	NA	Contractual recognition of bail-in by Resolution Authority at point of non-viability	Contractual recognition of bail-in by Resolution Authority at point of non-viability
25	If convertible, fully or partially	NA	Determination by resolution authority	Determination by resolution authority
26	If convertible, conversion rate	NA	Determination by resolution authority	Determination by resolution authority
27	If convertible, mandatory or optional conversion	NA	Determination by resolution authority	Determination by resolution authority
28	If convertible, specify instrument type convertible into	NA	Ordinary shares	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	NA	NEHS is the Issuer	NEHS is the Issuer
30	Write-down features	NA	NA	NA
31	If write-down, write down trigger(s)	NA	NA	NA
32	If write-down, full or partial	NA	NA	NA
33	If write-down, permanent or temporary	NA	NA	NA
34	If temporary write down, description of write-up mechanism	NA	NA	NA
34a	Type of subordination	NA	Contractually subordinated	Contractually subordinated
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual unsecured	Other Creditors *The legal nature of the subordinated loans differs from that usually associated with debt. In a winding up of the Company no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*	Other Creditors *The legal nature of the subordinated loans differs from that usually associated with debt. In a winding up of the Company no amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*
36	Non-compliant transitioned features	NA	NA	NA
37	If yes, specify non-compliant features	NA	NA	NA

CCA: NIP Capital Instrument Features

	Capital Instruments main features template	Ordinary Shares	Subordinated debt
1	Issuer	Nomura International Plc.	Nomura Europe Holdings Plc.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	NA	NA
3	Governing Law(s) of the instrument	English Law	English Law
3a	Means by which enforceability requirement of section 13 of the TLAC term sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	NA	NA
	Regulatory Treatment		
4	Transitional CRR	Common Equity Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2
6	Eligible at Solo/(sub-)consolidated	Solo	Solo
7	Instrument type (types to be specified for each Jurisdiction)	Ordinary Shares	Long-term Subordinated Loan facility
8	Amount recognised in Regulatory Capital (Currency in million, as of most recent reporting date)	$11,241m	$1,260m
9	Nominal amount of instrument	$11,241m	$1,260m
9a	Issue Price	$1 per share	$1,260m
9b	Redemption price	NA	$1,260m
10	Accounting classification	Shareholders' equity	Liability - Amortised Cost
11	Original date of issuance	Various	18/12/2019
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	No Maturity	18/12/2026
14	Issuer call subject to prior supervisory approval	NA	Yes
15	Optional call date, contingent call dates and redemption amount	NA	Callable from second anniversary of the issuance date, subject to the borrower obtaining prior consent from the PRA for early repayment of the loan
16	Subsequent call dates, if applicable	NA	Callable at 30 days' notice following the second anniversary of the issuance date, subject to the borrower obtaining prior consent from the PRA for early repayment of the loan
	Coupons/ dividends		
17	Fixed or floating dividend/ coupon	Floating	Floating
18	Coupon rate and any related index	NA	LIBOR + 186bp
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in term of timing)	Fully discretionary	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in term of amount)	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative

Capital Instruments main features template		Ordinary Shares	Subordinated debt
23	Convertible or non-convertible	Nonconvertible	Convertible
24	If convertible, conversion trigger(s)	NA	Contractual recognition of bail-in by Resolution Authority at point of non-viability
25	If convertible, fully or partially	NA	Determination by resolution authority
26	If convertible, conversion rate	NA	Determination by resolution authority
27	If convertible, mandatory or optional conversion	NA	Determination by resolution authority
28	If convertible, specify instrument type convertible into	NA	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	NA	NIP is the Issuer
30	Write-down features	NA	NA
31	If write-down, write down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write down, description of write-up mechanism	NA	NA
34a	Type of subordination	NA	Contractually subordinated
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual unsecured	Other Creditors *No amount will be paid in respect of the subordinated debt until all other creditors have been paid in full*
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	NA	NA

Minimum requirement for eligible liabilities (MREL)

	Instruments that are only recognised for MREL purposes	Senior Debt
1	Issuer	Nomura Europe Holdings Plc.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	NA
3	Governing Law(s) of the instrument	English Law
3a	Means by which enforceability requirement of section 13 of the TLAC term sheet is achieved (for other TLAC-eligible instruments governed by foreign law)	NA
	Regulatory Treatment	
4	Transitional CRR	NA
5	Post-transitional CRR rules	NA
6	Eligible at Solo/(sub-)consolidated	Solo
7	Instrument type (types to be specified for each Jurisdiction)	Senior unsecured
8	Amount recognised in Regulatory Capital (Currency in million, as of most recent reporting date) / MREL Value	$1,050m
9	Nominal amount of instrument	$1,050m
9a	Issue Price	$1,050m
9b	Redemption price	$1,050m
10	Accounting classification	Liability - Amortised Cost
11	Original date of issuance	18/12/2019
12	Perpetual or dated	Dated
13	Original maturity date	19/12/2022
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Callable from second anniversary of the issuance date, subject to the borrower obtaining prior consent from the PRA for early repayment of the loan
16	Subsequent call dates, if applicable	Callable at 30 days' notice following the second anniversary of the issuance date, subject to the borrower obtaining prior consent from the PRA for early repayment of the loan
	Coupons/ dividends	
17	Fixed or floating dividend/ coupon	Floating
18	Coupon rate and any related index	LIBOR + 140bp
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in term of timing)	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in term of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Convertible
24	If convertible, conversion trigger(s)	Contractual recognition of bail-in by Resolution Authority at point of non-viability
25	If convertible, fully or partially	Determination by resolution authority
26	If convertible, conversion rate	Determination by resolution authority
27	If convertible, mandatory or optional conversion	Determination by resolution authority
28	If convertible, specify instrument type convertible into	Ordinary shares
29	If convertible, specify issuer of instrument it converts into	NIP is the Issuer
30	Write-down features	NA
31	If write-down, write down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write down, description of write-up mechanism	NA
34a	Type of subordination	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

LI3: Scope of Consolidation: Entity by Entity

Entity	Accounting Consolidation	Regulatory Group
Nomura International Plc	✓	✓
Nomura Europe Holdings Plc (Gb)	✓	✓
Nomura Bank (Luxembourg) Sa	✓	✓
Banque Nomura France, S.A.	✓	✓
Nomura Bank International Plc	✓	✓
Nomura Bank (Switzerland) Ltd	✓	✓
Nomura Saudi Arabia	✓	✓
Nomura Investment Banking B.S.C.	✓	
Nomura Private Equity Investment GP Limited	✓	✓
Nomura Alternative Investment Management (Europe) Limited	✓	✓
Nomura Alternative Investment Management France S.A.S	✓	✓
Nomura Employment Services (Isle of Man) Limited	✓	
Nomura Investments (AH) Limited	✓	
Nomura Corporate Advisory (Central & Eastern Europe)*	✓	✓
Nomura Financial Products Europe GmbH	✓	✓
Global Funds Trust Company	✓	✓
Master Trust Company	✓	✓
Global Funds Management S.A.	✓	✓
Nomura Nominees Limited	✓	
Nomura RPS Limited	✓	✓
Nomura D1 Nominee Limited	✓	
Nomura Derivatives Clearing Nominee Limited*	✓	
Nomura PB Beneficial Ownership Markets Limited*	✓	✓
Nomura Clearance and Settlement Nominees Limited	✓	
Nomura PB Nominees Limited	✓	
Nomura Custody Nominees Limited	✓	
Nomura.com Limited	✓	
Nomura London Retirement Benefits Plan Trustee Limited	✓	
IBJ Nomura Financial Products (UK) plc	✓	
Nomura Investment Solutions PLC - Nomura Fixed INC Risk	✓	
Nomura Nikkei 225 EUR-Hedged ETF	✓	
Nomura Nikkei 225 USD-Hedged ETF	✓	
Nomura Index Fund JPX Nikkei 400 - EUR	✓	
Nomura Index Fund JPX Nikkei 400 - USD	✓	
Nomura Investment Solutions PLC - Nomura Equity Volatility Fund	✓	
Novus Capital Plc, Series 2012-23, 2017-44, 2020-30	✓	
Sylph Ltd Series 1012,1014,1686,1687,1738,1811,1855,1881,2001,1922	✓	
Titanium Secured Obligations DAC	✓	
Taku II Repackaging Trust	✓	✓
Bailey Repackaging Trust	✓	✓

* Dissolved during the year

CCyB1: Geographical Distribution of Countercyclical Capital Buffer

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

$m	The Group							
	General Credit Exposures	Trading Book Exposures		Own Funds Requirements				
	Exposure Value for Standardised Approach	Sum of long and short positions of trading book exposures for Standardised Approach	Value of trading book exposures for internal models	of which: General credit exposures	of which: Trading book exposures	Total	Own funds requirements weights	Countercyclical capital buffer rate
Cayman Islands	2,952	7	0	236	1	237	20.44%	-
United Kingdom	2,710	15	179	193	4	197	17.03%	-
United States	1,950	2	216	140	2	142	12.28%	-
Luxembourg	1,450	5	15	118	1	119	10.25%	0.25%
Netherlands	951	1	30	70	2	72	6.20%	-
France	1,010	3	132	63	2	64	5.56%	-
Japan	536	12	17	34	1	36	3.07%	-
Spain	394	1	9	31	0	32	2.74%	-
Ireland	340	1	15	27	1	28	2.40%	1.00%
Germany	310	1	12	25	1	27	2.29%	-
Taiwan	274	7	-	21	1	22	1.87%	-
Singapore	216	10	0	17	1	18	1.58%	-
Hong Kong	195	10	0	16	1	16	1.41%	1.00%
Italy	185	0	1	15	0	15	1.29%	-
Canada	180	0	7	14	0	14	1.25%	-
Denmark	197	0	0	13	0	13	1.11%	-
British Virgin Islands	145	7	-	12	1	12	1.06%	-
Sweden	137	1	1	12	0	12	1.05%	-
Bermuda	144	2	-	12	0	12	1.01%	-
Czech Republic	31	-	6	2	0	2	0.21%	1.75%
Slovakia	4	-	-	0	-	0	0.03%	1.50%
Norway	0	0	0	0	0	0	0.00%	1.00%
Others	1,045	-	33	64	4	68	5.89%	-
Total	**15,357**	**84**	**676**	**1,137**	**22**	**1,159**	**100%**	

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

CCR3: Counterparty Risk Exposures by Risk Weight

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

	Risk Weight (%)							
$m	0	2	20	50	100	150	Total	of which unrated
Central Governments or Central Banks	3,332	-	1,186	11	145	-	**4,674**	1,504
Corporates	-	-	125	1,382	10,256	129	**11,892**	9,801
Institutions	-	5,983	12,598	3,237	193	14	**22,025**	12,755
Multilateral Development Banks	229	-	18	-	-	-	**246**	0
Public Sector Entities	1,955	-	1,537	41	115	-	**3,647**	1,574
Regional governments or Local Authorities	63	-	53	-	0	-	**116**	26
International Organisations	10	-	-	-	-	-	**10**	9
Total	**5,588**	**5,983**	**15,517**	**4,672**	**10,709**	**142**	**42,611**	**25,670**

There has been an overall increase in exposure to counterparties risk weighted 2%, 20% and 100% driven primarily by increase in overall portfolio size.

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

The table shows the Group's derivative exposures under the mark to market approach broken down by gross positive fair value before netting. Net credit exposure (EAD) is after the application of netting, PFE and collateral. Derivative exposures under the mark to market method for NIP are materially in line with the Group.

$m	Gross Positive Fair Value or Net Carrying Amount	Netting benefits	Netted Current Credit Exposure	Collateral Held	Net Credit Exposure
Mark to Market Method	74,042	(62,806)	27,213	14,852	12,361
Total	**74,042**	**(62,806)**	**27,213**	**14,852**	**12,361**

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

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

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
$m	Segregated	Unsegregated	Segregated	Unsegregated		
Security	19	1,895	1,785	1,624	216,532	189,383
Cash	1	22,965	-	18,428	148,749	165,812
Total	**20**	**24,860**	**1,785**	**20,052**	**365,281**	**355,195**

Table includes collateral used in internal model method

CCR6: Credit Derivative Exposures

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

	The Group		
	Credit derivative hedges		Other credit derivatives
$m	Protection bought	Protection sold	
Notionals			
Single-name credit default swaps	79,318	78,785	-
Index credit default swaps	111,097	109,709	-
Total return swaps	472	472	-
Credit options	-	-	-
Other credit derivatives	12,115	11,927	-
Total notionals	**203,002**	**200,893**	**-**
Fair values			
Positive fair value (asset)	**3,751**	**1,107**	-
Negative fair value (liability)	**(1,198)**	**(3,907)**	-

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

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

	The Group						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
$m	Defaulted	Non-Defaulted					
Central Governments or Central Banks	-	3,039	-	-	-	-	3,039
Corporates	-	4,797	-	-	-	-	4,797
Institutions	-	2,670	-	-	-	-	2,670
Multilateral Development Banks	-	0	-	-	-	-	0
Public sector entities	-	124	-	-	-	-	124
Regional governments or local authorities	-	0	-	-	-	-	0
Equity Exposures	-	24	-	-	-	-	24
Other items	-	328	-	-	-	-	328
Exposures in default	104	-	54	-	-	-	49
Total SA approach	**104**	**10,981**	**54**	**-**	**-**	**-**	**11,030**
Total	**104**	**10,981**	**54**	**-**	**-**	**-**	**11,030**
of which: Loans	104	1,306	54	-	-	-	1,355
of which: Debt Securities	-	968	-	-	-	-	968
of which: Off-balance sheet exposures	-	2,791	-	-	-	-	2,791

$m	NIP						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
Central Governments or Central Banks	-	1,781	-	-	-	-	1,781
Corporates	-	2,894	-	-	-	-	2,894
Institutions	-	1,458	-	-	-	-	1,458
Multilateral Development Banks	-	0	-	-	-	-	0
Public sector entities	-	1	-	-	-	-	1
Regional governments or local authorities	-	0	-	-	-	-	0
Equity Exposures	-	37	-	-	-	-	37
Other items	-	277	-	-	-	-	277
Exposures in default	104	-	54	-	-	-	49
Total SA approach	**104**	**6,448**	**54**	**-**	**-**	**-**	**6,497**
Total	**104**	**6,448**	**54**	**-**	**-**	**-**	**6,497**
of which: Loans	104	1,285	54	-	-	-	1,334
of which: Debt Securities	-	44	-	-	-	-	44
of which: Off-balance sheet exposures	-	1,163	-	-	-	-	1,163

CR5: Credit Risk Exposure by Risk Weight

Table shows the breakdown of credit risk exposure for the Group by risk weight. Exposures are after CRM and CCF.

$m	Risk Weight (%)								
	0	20	50	100	150	250	1250	Total	of which unrated
Central Governments or Central Banks	3,014	0	2	2	21	0	-	**3,039**	543
Corporates	0	107	810	2,124	96	-	0	**3,136**	1,823
Institutions	-	2,650	23	1	0	-	0	**2,675**	316
Multilateral Development Banks	0	-	-	-	-	-	-	**0**	-
Public Sector Entities	0	0	63	-	-	-	-	**63**	1
Regional governments or Local Authorities	-	-	-	-	0	-	-	**0**	-
Equity Exposures	-	-	-	24	-	-	-	**24**	24
Other Items	-	-	-	328	-	-	-	**328**	324
Exposures in default	-	-	-	49	-	-	-	**49**	49
Total	**3,014**	**2,757**	**897**	**2,529**	**117**	**0**	**0**	**9,314**	**3,079**

CR4: Credit Risk Exposure and Credit Risk Mitigation

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

	The Group					
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
$m	**On B/S**	**Off B/S**	**On B/S**	**Off B/S**	**Total On & Off B/S RWA**	**RWA density [1]**
Central Governments or Central Banks	3,039	-	3,039	-	34	**1.1%**
Corporates	2,128	2,668	2,118	1,019	2,697	**86.0%**
Institutions	2,670	-	2,670	5	543	**20.3%**
Multilateral Development Banks	0	-	0	-	-	**0.0%**
Public Sector Entities	1	123	1	61	31	**50.0%**
Regional governments or Local Authorities	0	-	0	-	0	**150.0%**
Equity Exposures	24	-	24	-	24	**100.0%**
Other items	328	0	328	0	328	**100.0%**
Exposures in default	49	-	49	-	49	**100.0%**
Total	**8,239**	**2,791**	**8,229**	**1,085**	**3,706**	**40%**

	NIP					
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
$m	**On B/S**	**Off B/S**	**On B/S**	**Off B/S**	**Total On & Off B/S RWA**	**RWA density [1]**
Central Governments or Central Banks	1,781	-	1,781	-	34	**1.9%**
Corporates	1,731	1,163	1,786	1,007	2,432	**87.1%**
Institutions	1,458	-	1,458	5	245	**16.7%**
Multilateral Development Banks	0	-	0	-	-	**0.0%**
Public Sector Entities	1	-	1	61	31	**50.0%**
Regional governments or Local Authorities	0	-	0	-	0	**150.0%**
Equity Exposures	37	-	37	-	37	**100.0%**
Other items	277	-	277	-	277	**100.0%**
Exposures in default	49	-	49	-	49	**100.0%**
Total	**5,334**	**1,163**	**5,389**	**1,073**	**3,106**	**48%**

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

CR3: Credit Risk Mitigation Techniques

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

	The Group				
$m	Exposures unsecured Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	312	-	923	-	-
Total Debt Securities	968	-	-	-	-
Total Exposures	**1,280**	**-**	**923**	**-**	**-**

	NIP				
$m	Exposures unsecured Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	290	-	923	-	-
Total Debt Securities	44	-	-	-	-
Total Exposures	**334**	**-**	**923**	**-**	**-**

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

	The Group	
$m	Accumulated specific credit risk	Accumulated general credit risk adjustment
Opening balance	1	**-**
Increases due to amounts set aside for estimated loan losses during the period	1	-
Decreases due to amounts reversed for estimated loan losses during the period	(0)	-
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	26	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	0	-
Closing balance	28	**-**
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

	NIP	
$m	Accumulated specific credit risk	Accumulated general credit risk adjustment
Opening balance	1	**-**
Increases due to amounts set aside for estimated loan losses during the period	1	-
Decreases due to amounts reversed for estimated loan losses during the period	(0)	-
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	26	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	0	-
Closing balance	28	**-**
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

Analysis of Past Due, Non-Performing and Forborne Exposures

In December 2018, the EBA published guidelines on the disclosure of non-performing and forborne exposures, to be applied from December 2019. The guidelines introduce ten new reporting templates providing a uniform disclosure format for non-performing exposures, forborne exposures and foreclosed assets.

Proportionality is embedded in the guidelines through thresholds based on the size of the Institution and the level of non-performing exposures. The Group has assessed the threshold criteria within the guidelines and has determined that six of the ten templates are not applicable on the basis that its non-performing loan ratio is significantly lower than the reporting threshold. As per the 'EBA guidelines on disclosure of Non-Performing and forborne exposures' (EBA/GL/2018/10 dated 17th December 2018), Institutions that, according to the EBA 2016 guidelines, are required to disclose CR 1-B "Credit quality of exposures by industry or counterparty types" and CR 1-C "Credit quality of exposures by geography", will be able to comply with this obligation by disclosing CQ 5 "Quality of non-performing exposures by geography" and CQ6 "Credit quality of loans and advances by industry" on a semi-annual basis. Hence, the Group has opted to report CQ 5 and CQ 6 instead of CR 1-B and CR 1-C.

The remaining four templates are not subject to threshold criteria, however templates CQ9 "Collateral obtained by taking possession and execution process" and CQ1 "Credit quality of forborne exposures" are not applicable as the Group has no collateral taken into possession that is recognised on the balance sheet and also has no 'forborne exposures' as at 31st March, 2020.

Exposures are treated as past due when a counterparty has failed to make payment when contractually due.

Non-performing exposures included in the tables below are subject to the FINREP regulations (Annex V).

Template 3: Credit quality of performing and non-performing exposures by past due days

	The Group Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
$m		Of which Not past due or past due ≤ 30 days	Of which Past due > 30 days ≤ 90 days		Of which Unlikely to pay that are not past due or are past due ≤ 90 days	Of which past due > 90 days ≤ 180 days	Of which past due > 180 days ≤ 1 year	Of which past due > 1 year ≤ 2 years	Of which past due > 2 years ≤ 5 years	Of which past due > 5 years ≤ 7 years	Of which past due > 7 years	Of which defaulted
Loans and advances	114,393	114,363	29	104	104	-	-	-	-	-	-	104
Central banks	2,521	2,521	-	-	-	-	-	-	-	-	-	-
General governments	2,416	2,416	-	-	-	-	-	-	-	-	-	-
Credit institutions	30,678	30,678	0	-	-	-	-	-	-	-	-	-
Other financial corporations	77,324	77,295	29	55	55	-	-	-	-	-	-	55
Non-financial corporations	1,453	1,452	0	49	49	-	-	-	-	-	-	49
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
Households	1	1	-	-	-	-	-	-	-	-	-	-

Template 3: Credit quality of performing and non-performing exposures by past due days (continued)

$m	The Group Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Of which Not past due or past due ≤ 30 days	Of which Past due > 30 days ≤ 90 days		Of which Unlikely to pay that are not past due or are past due ≤ 90 days	Of which past due > 90 days ≤ 180 days	Of which past due > 180 days ≤ 1 year	Of which past due > 1 year ≤ 2 years	Of which past due > 2 years ≤ 5 years	Of which past due > 5 years ≤ 7 years	Of which past due > 7 years	Of which defaulted
Debt securities	908	908	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	633	633	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	275	275	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	783	-		-								
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	82	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	702	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-	-
Total	**116,084**	**115,271**	**29**	**104**	**104**	**-**	**-**	**-**	**-**	**-**	**-**	**104**

Template 4: Performing and non-performing exposures and related provisions

$m	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Loans and advances	114,393	24,147	112	104	-	67	(18)	(5)	(13)	(54)	-	(25)	-	93,062	-
Central banks	2,521	2,305	-	-	-	-	-	-	-	-	-	-	-	216	-
General governments	2,416	285	-	-	-	-	-	-	-	-	-	-	-	2,131	-
Credit institutions	30,678	6,702	-	-	-	-	(0)	(0)	-	-	-	-	-	24,429	-
Other financial corporations	77,324	14,603	10	55	-	55	(4)	(3)	(1)	(22)	-	(22)	-	65,293	-
Non-financial corporations	1,453	251	102	49	-	12	(14)	(2)	(12)	(32)	-	(3)	-	993	-
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	908	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	633	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	275	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 4: Performing and non-performing exposures and related provisions (continued)

$m	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Off-balance-sheet exposures	783	759	24	-	-	-	(2)	(2)	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	82	82	-	-	-	-	(1)	(1)	-	-	-	-	-	-	-
Non-financial corporations	701	677	24	-	-	-	(1)	(1)	(0)	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**116,084**	**24,906**	**136**	**104**	**-**	**67**	**(20)**	**(7)**	**(13)**	**(54)**	**-**	**(25)**	**-**	**93,062**	**-**

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Template 5: Quality of non-performing exposures by geography

$m	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**115,405**	**103**	**103**	**24,327**	**(42)**	**-**	**(29)**
Region - EMEA	31,536	103	103	10,504	(42)	-	(29)
Jersey, Channel Islands	745	55	55	55	(22)	-	-
United Arab Emirates	216	36	36	165	(0)	-	(29)
United Kingdom	8,183	12	12	4,642	(10)	-	-
France	6,807	-	-	1,070	(2)	-	-
Denmark	2,652	-	-	45	(1)	-	-
Germany	2,154	-	-	864	(1)	-	-
Luxembourg	2,017	-	-	645	(2)	-	-
Spain	1,523	-	-	285	-	-	-
Netherlands	1,314	-	-	805	(3)	-	-
Other countries	5,925	-	-	1,928	(1)	-	-
Region - Americas	28,362	-	-	5,354	-	-	-
Cayman Islands	16,907	-	-	2,484	(0)	-	-
United States of America	7,862	-	-	2,368	-	-	-
British Virgin Islands	2,236	-	-	110	-	-	-
Bermuda	490	-	-	210	-	-	-
Other countries	867	-	-	182	-	-	-

Template 5: Quality of non-performing exposures by geography (continued)

$m	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which subject to impairment			
			Of which defaulted				
Region - Asia Pacific	55,507	-	-	8,469	-	-	-
Japan	49,628	-	-	6,935	-	-	-
Hong Kong	2,822	-	-	292	-	-	-
Singapore	1,359	-	-	850	-	-	-
India	635	-	-	0	-	-	-
Other countries	1,063	-	-	392	-	-	-
Off-balance-sheet exposures	**783**	**-**	**-**	**-**	**-**	**(2)**	-
Region - EMEA	757	-	-	-	-	(2)	-
United Kingdom	314	-	-	-	-	(0)	-
France	327	-	-	-	-	(0)	-
Netherlands	48	-	-	-	-	(1)	-
Luxembourg	44	-	-	-	-	(0)	-
Other countries	25	-	-	-	-	(0)	-
Region - Americas	26	-	-	-	-	(0)	-
United States of America	16	-	-	-	-	(0)	-
Cayman Islands	9	-	-	-	-	(0)	-
Total	116,188	103	103	24,327	(42)	(2)	(29)

Template 6: Credit quality of loans and advances by industry

$m	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	0	-	-	-	-	-
Mining and quarrying	3	-	-	1	-	-
Manufacturing	346	-	-	82	(6)	-
Electricity, gas, steam and air conditioning supply	0	-	-	0	-	-
Water supply	11	-	-	-	-	-
Construction	16	-	-	-	-	-
Wholesale and retail trade	386	12	12	21	(3)	-
Transport and storage	42	-	-	29	(1)	-
Information and communication	14	-	-	14	(1)	-
Real estate activities	141	-	-	142	(1)	-
Professional, scientific and technical activities	10	-	-	10	(1)	-
Administrative and support service activities	476	-	-	48	(3)	-
Human health services and social work activities	39	37	37	3	-	(29)
Arts, entertainment and recreation	17	-	-	16	(1)	-
Total	**1,501**	**49**	**49**	**366**	**(17)**	**(29)**

Appendix 2 – CRR Compliance

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Scope of Disclosure Requirements				
431	1	Institutions should publish Pillar 3 disclosures	The Group publishes Pillar 3 disclosures	
431	2	Firms with permission to use specific operational risk methodologies must disclose operational risk information.	The Group follows the standardised approach to Operational Risk	AR: 103
431	3	Institution must have a policy covering frequency of disclosures, their verification, comprehensiveness and appropriateness. Institution must also have policies for assessing whether their disclosures convey their risk profile comprehensively to market participants	The Group has a Pillar 3 policy in place	
431	4	Explanation of ratings decision upon request	Not an applicable public disclosure. Information can be provided on request	
Non-material, proprietary or confidential information				
432	1	Omission of disclosures that are not material	Sub-section "Scope of Application"	P3: 1
432	2	Omission of disclosures if proprietary	No disclosures excluded on grounds of confidentiality	
432	3	Where 432 (2) applies this must be stated in the disclosures and more general information must be disclosed		
432	4	Use of 432 (1), (2) or (3) is without prejudice to scope of liability for failure to disclose material information		
Frequency of disclosure				
433		Institutions shall publish the disclosures at least on an annual basis or more frequently where necessary	Sub-section "Pillar 3 Disclosures"	P3: 2
Means of disclosure				
434	1	Disclosures to be made in one medium or provide clear cross-references	Any cross-references to accounting or other disclosures are clearly signposted	
434	2	Disclosures made under other requirements (e.g. accounting) can be used to satisfy Pillar 3 if appropriate.		
Risk management objectives and policies				
435	1	Disclose information on:	Refer NIP's Annual Report	
435	1(a)	The strategies and processes to manage risks		AR: 80
435	1(b)	Structure and organisation of risk management function		AR: 81-85
435	1(c)	Risk reporting and measurement systems		AR: 85-89, 91, 97
435	1(d)	Hedging and mitigating risk – policies and processes		AR: 85, 91
435	1(e)	Declaration of adequacy of risk management arrangements approved by the Board		AR: 84
435	1(f)	Concise risk statement approved by the Board.		AR: 5 P3: 3-4
435	2	Information on governance arrangements, including information on Board composition and recruitment and risk committees:	See below	
435	2(a)	Number of directorships held by Board members	Section "Directorships"	P3: 5

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
435	2(b)	Recruitment policy for selection of Board members, their actual knowledge, skills and expertise.	Section "Remuneration Disclosures"	P3: 37-42
435	2(c)	Policy on diversity of Board membership and results against targets.	Section "Remuneration Disclosures"	P3: 37-42
435	2(d)	Disclosure of whether a dedicated risk committee is in place and number of meeting in the year.	Sub-section "Risk Management Committees"	P3: 3
435	2(e)	Description of information flow on risk to Board	Refer NIP's annual report	AR: 81
Scope of application				
436	a	Name of institution	Section "Introduction"	P3: 1
436	b	Difference in basis of consolidation for accounting and prudential purposes, describing entities that are:	Section "Introduction" and "Scope of Consolidation: Entity by entity"	P3: 1, 50
436	b(i)	Fully consolidated;	Section "Introduction" and "Scope of Consolidation: Entity by entity"	P3: 1, 50
436	b(ii)	Proportionally consolidated;	Section "Introduction" and "Scope of Consolidation: Entity by entity"	P3: 1, 50
436	b(iii)	Deducted from own funds;	Section "Introduction" and "Scope of Consolidation: Entity by entity"	P3: 1, 50
436	b(iv)	Neither consolidated nor deducted.	Section "Introduction" and "Scope of Consolidation: Entity by entity"	P3: 1, 50
436	c	Impediments to transfer of own funds between parent and subsidiaries.	Section "Introduction" and "Scope of Consolidation: Entity by entity"	P3: 1, 50
436	d	Capital shortfalls in any subsidiaries outside the scope of consolidation.	Sub-section "Pillar 2A and ICAAP"	P3: 14
436	e	Making use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries/entities.	Sub-section "Scope of Consolidation"	P3: 1
Own funds				
437	1	Disclose the following information regarding own funds:	See below	
437	1(a)	A full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution;	Section "Own Funds Disclosures"	P3: 6-10
437	1(b)	A description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	Section "The Group and NIP Capital Instrument Features"	P3: 45-49
437	1(c)	The full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	Section "The Group and NIP Capital Instrument Features"	P3: 45-49
437	1(d)	Separate disclosure of the nature and amounts of the following:	See below	
437	1(d)(i)	Each prudential filter applied pursuant to Articles 32 to 35;	Section "Own Funds Disclosures"	P3: 6
437	1(d)(ii)	Each deduction made pursuant to Articles 36, 56 and 66;	Section "Own Funds Disclosures"	P3: 6
437	1(d)(iii)	Items not deducted in accordance with Articles 47, 48, 56, 66 and 79;	Section "Own Funds Disclosures"	P3: 6
437	1(e)	A description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;	Section "Own Funds Disclosures"	P3: 6
437	1(f)	Where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than prescribed	Not applicable - The Group does not calculate capital ratios on a basis other than prescribed	

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Capital requirements				
438	a	Summary of institution's approach to assessing adequacy of capital levels	Sub-section "Pillar 2A and ICAAP"	P3: 14
438	b	Result of ICAAP on demand from authorities.	Not an applicable public disclosure. Results can be provided on demand from authorities	
438	c	Capital requirements for each Standardised approach credit risk exposure class.	Credit and Counterparty Risk Tables	P3: 17, 52
438	d	Capital requirements for each Internal Ratings Based Approach credit risk exposure class.	Not applicable - The Group does not apply Internal Ratings Based approach to determine risk weights	
438	e	Capital requirements for market risk or settlement risk.	Capital Requirements and Market Risk tables	P3: 13, 22-23
438	f	Capital requirements for operational risk, separately for the Basic Indicator Approach, the Standardised Approach, and the Advanced Measurement Approaches as applicable.	Capital Requirements table	P3: 13
438	end para	Requirement to disclose specialised lending exposures and equity exposures in the banking book falling under the simple risk weight approach of IRB.	Not applicable - The Group does not apply Internal Ratings Based approach to determine risk weights	
Exposure to counterparty credit risk				
439	a	Description of process to assign internal capital and credit limits to CCR exposures.	Refer NIP's Annual Report	AR: 91
439	b	Discussion of policies for securing collateral and establishing credit reserves.		AR: 92
439	c	Discussion of management of wrong-way risk exposures.		AR: 91
439	d	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	Sub-section "Impact of a credit downgrade on collateral pledged"	P3: 16
439	e	Derivation of net derivative credit exposure.	"Impact of Netting and Collateral Held on Exposures" table	P3: 52
439	f	Exposure values for mark-to-market, original exposure, standardised and internal model methods.	"Analysis of Counterparty Credit Risk RWA by Approach" table	P3: 16
439	g	Notional value of credit derivative hedges and current credit exposure by type of exposure.	"Credit Derivative Exposures" table	P3: 53
439	h	Notional amounts of credit derivative transactions.		
439	i	Estimate of alpha, if applicable.	Not applicable - The Group does not estimate its own alpha	
Capital buffers				
440	1(a)	Geographical distribution of relevant credit exposures for calculation of countercyclical capital buffer.	"Geographical Distribution of Countercyclical Capital Buffer" table	P3: 51
440	1(b)	Amount of the institution specific countercyclical capital buffer.	"Countercyclical Capital Buffer" table	P3: 14

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Indicators of global systemic importance				
441	1	Disclosure of the indicators of global systemic importance.	Not applicable - The Group is not a G-SII	
Credit risk adjustments				
442	a	Disclosure of bank's definitions of past due and impaired.	Refer NIP's Annual Report	AR: 37-41
442	b	Approaches for calculating specific and general credit risk adjustments.	Refer NIP's Annual Report	AR: 37-41
442	c	Disclosure of pre-CRM EAD by exposure class	"Total and Average Amount of Credit Risk Exposures" table	P3: 17
442	d	Disclosure of pre-CRM EAD by geography and exposure class	"Credit Risk Exposures by Region and Country" tables	P3: 19
442	e	Disclosure of pre-CRM EAD by industry and exposure class	"Concentration of Exposures by Industry and Counterparty Type" tables	P3: 17-18
442	f	Disclosure of pre-CRM EAD by residual maturity and exposure class	"Credit Risk Exposures by Maturity" table	P3: 20
442	g	Breakdown by industry or counterparty type:	"Changes in Stock of General and Specific Credit Risk" tables	P3: 56
442	g(i)	Impaired/past due exposures		
442	g(ii)	Specific and general credit risk adjustments		
442	g(iii)	Charges for specific and general credit risk adjustments		
442	h	442 g(ii) and (ii) above by geographical area		
442	i	Reconciliation of changes in specific and general credit risk adjustments for impaired exposures:		
442	i(i)	Description of adjustments;		
442	i(ii)	Opening balances;		
442	i(iii)	Amounts against credit risk adjustments		
442	i(iv)	Amounts set aside for estimated probable losses and other adjustments		
442	i(v)	Closing balances		
442	end para	Specific credit risk adjustments recorded to income statement are disclosed separately.		
Unencumbered assets				
443		Disclosures on unencumbered assets.	"Asset Encumbrance" tables	P3: 35-36
Use of ECAIs				
444	a	Names of the ECAIs used in the calculation of Standardised approach risk-weighted assets and reasons for any changes.	Sub-section "Standardised Derivative Calculation Method" "Counterparty Risk Exposures by Risk Weight" table "Credit Risk Exposure by Risk Weight" table	P3: 15, 52, 54
444	b	Exposure classes associated with each ECAI.		
444	c	Description of the process used to transfer credit assessments to non-trading book items.		
444	d	Mapping of external rating to CQS.		
444	e	Exposure value by CQS.		

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Exposure to market risk				
445		Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	Capital Requirements and Market Risk tables	P3: 13, 22-24
Operational risk				
446		Scope of approaches used to calculate operational risk.	Section "Operational Risk"	P3: 21
Exposure in equities not included in the trading book				
447	a	Differentiation of exposures based on objectives and an overview of accounting techniques and valuation methodologies.	Sub-section "Non-trading book exposure to equities"	P3: 15
447	b	The balance sheet value, the fair value and, for those exchange-traded, a comparison to the market price where it is materially different from the fair value.	Sub-section "Non-trading book exposure to equities"	P3: 15
447	c	The types, nature and amounts of exchange-traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures.	Sub-section "Non-trading book exposure to equities"	P3: 15
447	d	Realised gains or losses arising from sales and liquidations in the period.	Sub-section "Non-trading book exposure to equities"	P3: 15
447	se	Total unrealised gains or losses, the total latent revaluation gains or losses, and any of these amounts included in the original or additional own funds.	Sub-section "Non-trading book exposure to equities"	P3: 15
Exposure to interest rate risk on positions not included in the trading book				
448	a	Nature of the interest rate risk and the key assumptions, and frequency of measurement of the interest rate risk.	Sub-section "Sensitivity of the Banking Book to Changes in Interest Rates"	P3: 27
448	b	Variation in earnings, economic value or other relevant measure used by the bank for upward and downward rate shocks according to the bank's method for measuring the interest rate risk, broken down by currency.	Sub-section "Sensitivity of the Banking Book to Changes in Interest Rates"	P3: 27
Exposure to securitisation positions				
449		Disclosures on securitisation positions	Sub-section "Securitisations"	P3: 27
Remuneration disclosure				
450		Remuneration disclosures of material risk takers	Section "Remuneration Disclosures"	P3: 37-42
Leverage				
451	1	Disclose the following:		
451	1(a)	Leverage ratio	"Leverage Ratio Common Disclosure" table	P3: 29
451	1(b)	Breakdown and reconciliation of total exposure	"Leverage Reconciliation of Account Assets and Leverage Ratio Exposure" table	P3: 28
451	1(c)	Derecognised fiduciary items	"Leverage Ratio Common Disclosure" table	P3: 29
451	1(d)	Description of the processes used to manage the risk of excessive leverage,	Section "Leverage Ratio"	P3: 28-30
451	1(e)	Factors that impacted the leverage ratio during the year.	Section "Leverage Ratio"	P3: 28-30

NOMURA

CRR Article	Para	Summary of Requirement	Compliance Reference	Page
Use of the IRB approach to credit risk				
452		Disclosures on IRB approach	Not applicable - The Group does not apply Internal Ratings Based approach to determine risk weights	
Use of credit risk mitigation techniques				
453	a	Use of on and off-balance sheet netting.	Refer NIP's Annual Report	AR: 46
453	b	How collateral valuation is managed.		AR: 46
453	c	Description of types of collateral used by the institution		AR: 46
453	d	Main types of guarantor, credit derivative counterparty and creditworthiness.		AR: 92-93
453	e	Market or credit risk concentrations within risk mitigation exposures.		AR: 89, 96
453	f	Standardised or Foundation IRB Approach, exposure value covered by eligible collateral.	"Collateral" and "Credit Risk Exposure and Credit Risk Mitigation" tables	P3: 50, 55
453	g	Exposures covered by guarantees or credit derivatives.	"Credit Risk Mitigation Techniques" table	P3: 56
Use of the Advanced Measurement Approaches to Operational Risk				
454		Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk.	Not applicable - The Group does not apply Advanced Measurement Approach to mitigate operational risk	
Use of Internal Market Risk Models				
455	a(i)	Disclosure of the characteristics of the market risk models.	Refer NIP's Annual Report	AR: 86
455	a(ii)	Disclosure of the methodologies used to measure incremental default and migration risk.		AR: 89
455	a(iii)	Descriptions of stress tests applied to the portfolios.		AR: 89
455	a(iv)	Methodology for back-testing and validating the models.		AR: 88
455	b	Scope of permission for use of the models.		P3: 3-4
455	c	Policies and processes to determine trading book classification, and to comply with prudential valuation requirements.	Sub-sections "Trading Book and Banking Book" and "Prudent Valuation Adjustment"	P3: 27, 4
455	d (i-iii)	High/Low/Mean values over the year of VaR, SVaR and IRC	"Review of Market Risk Regulatory Measures" table	P3: 24
455	e	The elements of the own fund calculation.	"Market Risk" tables	P3: 22-23
455	f	Weighted average liquidity horizons of portfolios covered by models.	Refer NIP's Annual Report	AR: 89
455	g	Comparison of end-of-day VaR measures compared with one day changes in the portfolio's value.	"Comparison of VaR Estimates for NIP" tables	P3: 25-26