Nomura Europe Holdings plc

Annual Pillar 3 Disclosures
31st March 2021

NOMURA

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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 2021 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") 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 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 ($m)	
Tier 1 Capital	5,710
Tier 2 Capital	2,160
Capital Requirements ($m)	
Total RWA	33,287
Total Capital Requirement [1]	4,063
Capital Ratios (%)	
Tier 1[2]	17.16%
Leverage Ratio	
Total Leverage Ratio Exposure ($m)	154,099
Leverage Ratio (%)	3.7%
Liquidity Coverage Ratio (“LCR”)[3]	
Total High Quality Liquid Assets ($m)	23,429
Total Net Cash Outflow ($m)	10,001
LCR Ratio (%)	236%

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 2021. 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.

Following the end of the transition period of the UK’s withdrawal from the EU on 31 December 2020, Her Majesty’s Treasury decided to retain the regulators’ Temporary Transitional Power (“TTP”) which was introduced through the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019.

The TTP will allow the BOE, the PRA and the FCA to phase-in changes to UK regulatory requirements so that firms can adjust to the UK’s post-Transition Period regime in an orderly way.

The TTP, effective from 1 January 2021, is expected to end by March 31, 2022. During this period, from a prudential regulatory rules perspective, requirements as implemented by the EU will largely continue to apply in the UK in the same way as prior to 31 December 2020.

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)

On 31 January 2020 the United Kingdom (“UK”) withdrew from the European Union under the Withdrawal Agreement between the UK and the EU (“Brexit”). On December 31, 2020, a transition period during which the rules and regulations of the EU continued to apply to the U.K expired. Although the U.K. and EU entered a trade and cooperation agreement governing their relationship prior to the expiration of the transition period, suchagreement does not comprehensively address the financial services industry.

Prior to Brexit, the Nomura Group conducted business in Europe primarily through Nomura International plc (“NIP”) as the Group’s regional hub. Following the end of the transition period, Nomura moved to a structure that provides client facing services and other services centred on Nomura Financial Products Europe GmbH (“NFPE”), Nomura’s licensed broker-dealer in Germany. Although the Nomura Group are taking various measures to manage the risks associated with Brexit and to mitigate the impacts of uncertainty in the market as a whole, delays or other issues in our transition of business to NFPE, as well as the risks to the broader financial systems associated with the transition, may adversely affect our business, results of operations and financial condition.

Capital Restructuring

At the balance sheet date, the Company and NIP were in the process of restructuring their respective issued share capital (the Company Capital Reduction and the NIP Capital Reduction respectively and together, the Capital Reductions). As part of the Capital Reductions, the Company intends to reduce its issued share capital from $11,391,322,040 to $3,391,322,040 by cancelling 8,000,000,000 issued ordinary shares. The 8,000,000,000 share capital will be moved to retained earnings with no impact to the Company’s Shareholders' funds. Similarly for the NIP Capital Reductions, NIP intends to reduce its share capital from $11,241,226,555 to $3,241,226,555 by cancelling 8,000,000,000 issued ordinary shares. The 8,000,000,000 share capital will also be moved to retained earnings with no impact to the Company’s Shareholders' funds. The final hearings for both Capital Reductions took place on 27 July

2021, after which the Capital Reductions were registered with the UK Registrar of Companies on 12th August 2021.

Other updates

On 26 March, 2021, a U.S. client defaulted on margin calls made by one of the Nomura Group's U.S. subsidiaries, namely Nomura Global Financial Products Inc. ("NGFP"), in connection with prime brokerage transactions entered into with the client, which resulted in the Nomura Group incurring significant losses. This U.S. prime brokerage event has had no material impact on the Financial Performance of the Company. Nomura have reviewed and are in the process of completing a number of actions to comprehensively review, revise and strengthen our risk management policies and procedures and the implementation thereof.

Regulatory Updates

- In 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 reaming parts of Basel III in the EU as well as addressing issues identified with the current prudential requirements. The European Commission introduced amendments to existing legislation particularly in the form of the Capital Requirements Directive ("CRD V") and the Capital Requirements Regulation ("CRR II") which entered into force in June 2019 with the majority of changes being introduced two years later in June 2021. Among other things, these proposed changes include the introduction of a binding minimum net stable funding ratio, changes to the capital calculations for counterparty credit risk of derivatives and a tightening of large exposure limits. Post Brexit, HMT and the PRA have onshored those elements of the CRD IV/CRD V and CRR/CRRII which were already in force prior to January 2021 and subsequently in February 2021, HMT consulted on adoption of the same set of Basel III standards which are being adopted in the EU from June 2021 alongside the PRA which published Consultation Paper 5/21 - Implementation of Basel Standards. This was followed by final draft rules in PRA Policy Statement 17/21 in July 2021 which are due to become effective from 1 Jan 2022. Further, in July 2021, the PRA has also published CP14/21 proposing the introduction of a binding minimum leverage ratio for firms with an updated calculation effective from 1 Jan 2022 and for firms with at least £10bn of non-UK assets a binding minimum ratio of 3.25% effective from 1 Jan 2023. The Company has a Regulatory change program which is managing the implementation of these changes.
- In July 2010, the US enacted the Dodd-Frank Act. Under this Act, the CFTC requires swap dealers that exceed a de minimis threshold of swap dealing activity to register with the CFTC and subjects these registered entities to internal and external conduct requirements. Furthermore, on 22 July 2020 the CFTC adopted final capital and financial reporting rules for swap dealers with a compliance date of 6 October 2021. Similarly, during 2019 the SEC issued final rules including those governing capital, margin and segregation requirements for security-based swap dealers and in December 2019 they adopted final rule amendments addressing the cross-border application of relevant requirements. The SEC will require securities based swap dealers above the de minimis activity threshold to register and comply with final security based swap dealer rules no later than 1 November 2021. The SEC and CFTC both have the ability to grant substituted compliance to recognise the local UK regulations as being sufficient to satisfy the relevant requirements under the US regime. Developments in this area are still ongoing and NIP has in place a Regulatory change program which is monitoring these developments closely as well as managing the implementation of these changes to ensure full compliance with the final requirements.
- The internal minimum requirement for eligible liabilities ("MREL") became applicable in the U.K. for all U.K. incorporated institutions from 1 January 2019 for firms whose failure would have a significant impact on the U.K. 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 BoE expects firms to comply with an end-state MREL from 1 January 2022.
- In July 2019, the BOE and U.K. PRA published a policy statement on the Resolvability Assessment Framework ("RAF"). The proposals for the RAF bring together existing policies such as MREL and Operational Continuity in Resolution ("OCIR") as well as other new resolution policies in order to follow the resolution principles set out by the FSB. Under the policy, it is expected major UK banks and building societies perform an assessment of their preparations for resolution and the BOE provide a public statement concerning resolvability of each firm. In this context, the BoE is coordinating, where relevant with the home resolution authorities for certain overseas firms, which would carry out cross-border resolution.
- The European Market Infrastructure Regulation ("EMIR") became effective on 16 August 2012, and applies to any entity established in the EU that is a legal counterparty to a derivative contract, even when trading with non-EU firms. EMIR was created with the intention of stabilizing OTC markets found within EU member states. Although the majority of EMIR regulations have already been implemented, on 28 May 2019, Regulation (EU) 2019/834 (EMIR REFIT) was published in the EU's Official Journal, with the aim of amending EMIR to make some of its requirements simpler and more proportionate. With a few exceptions, the majority of the provisions in the Regulation entered into force on 17 June 2019. EMIR was transposed into UK domestic law by means of the European Union (Withdrawal) Act 2018 (as amended), subject to certain transitional arrangements.
- On 12 January 2016, the Securities Financing Transactions Regulation ("SFTR"), which forms part of the EU's package of legislation targeted at reforming shadow banking and aims to improve transparency in the securities financing transactions ("SFTs") market, came into force subject to a range of transitional provisions over a number of years. On 11 April 2019, the final regulatory technical standards entered into force and MiFID firms were due to commence their reporting one year later on 11 April 2020. However, due to the COVID-19 pandemic, the reporting under the SFTR has been extended until 13 July 2020. Furthermore, in preparation of post-EU withdrawal, the UK Government has stated that the UK will not be taking action to incorporate into UK law the reporting obligation of the EU's SFTR for non-financial counterparties (NFCs).
- On October 2018 the 6th Money Laundering Directive ("6MLD") was approved by the European Parliament and Council. EU member states had until 3 December 2020 to implement this upcoming Directive into national law, whilst regulated entities had a deadline of June 3, 2021. The UK has decided to opt out of complying with this further AML Directive as the Government assesses that the domestic legislation is already largely compliant with the Directive's measures. The 6MLD complements the criminal aspects of the 5MLD and has been introduced to focus on the definition of these crimes and their sanctions. It also gives financial institutions more responsibility in the fight against financial crime and aims to promote the collaboration of member states when tackling money laundering.
- The Senior Managers and Certification Regime ("SM&CR") came into force on 7 March 2016 with the aim of reducing the risk of harm to consumers and strengthening market

integrity by making firms, and individuals within those firms, more accountable for their conduct and competence. In July 2018, the UK FCA and UK PRA published near-final rules extending SM&CR to cover all financial services firms in the UK to apply from 9 December 2019. On 8 March 2019, the U.K. FCA announced its final rules on its proposed Directory - a new public register that will enable consumers, firms and other stakeholders to find information on key individuals working in financial services who are not otherwise appointed and publicly registered under the SM&CR. Firms were required to submit data on Directory individuals in December 2019, and the Directory was expected to go live in March 2020, although due to the Covid-a9 pandemic this was postponed to 31 March 2021.

- In November 2019, the EU Benchmark Regulation ("BMR") was amended to include two new types of "climate benchmarks" - 'Paris-Aligned' Benchmarks ("PABs") and Climate Transition Benchmarks ("CTBs"). The Low-Carbon Benchmarks Regulation introduced the requirement (under Article 13 of the BMR) that administrators of benchmarks (save interest rate and foreign exchange benchmarks) must provide an explanation of how the key elements of their benchmark methodologies reflect ESG factors. The requirements are to be complied with by 30 April 2020. However, since the draft regulatory technical standards were still subject to a public consultation and a number of important details were subject to these delegated acts, ESMA issued a 'No Action Letter' encouraging EU national regulators not to force these 'Level 1' requirements until these delegated acts are finalised. The Delegated Acts were finalised and published on 3 December 2020 and entered into force in 23 December 2020.
- Interest rate benchmarks including, among others, the London Interbank Offered Rate ("LIBOR"), the Euro Interbank Offered Rate (EURIBOR), the Euro Overnight Index Average (EONIA) and certain other Interbank Offered Rates ("IBORs") are being reformed. The UK is due to make the transition from LIBOR to Sterling Overnight Index Average ("SONIA") by the end of 2021 although certain interim milestones have been extended due to the COVID-19 pandemic.
- The EU Commission is required to evaluate the overall functioning of the MiFID II/ MiFIR regime, in particular, addressing those areas where challenges still exist. As part of this process, ESMA has launched a number of consultations on specific areas, which will feed into the Commission's reports. Certain amendments to support economic recovery from the COVID-19 pandemic, including via relief from administrative requirements on firms, were published in the EU Official Journal on February 26, 2021 (MiFID 'Quick-Fix'). EU Member States are required to transpose the quick fix amendments into their national frameworks by November 28, 2021 and apply them by February 28, 2022. Alongside this, the scheduled MiFID II review continues, with the Commission expected to publish a further legislative proposal towards the end of 2021. Since Brexit, these amendments are not applicable in the UK. The FCA is currently consulting on proposed changes to the conduct and organizational rules in the UK MiFID, specifically relating to research and best execution reporting. UK HMT intends to consult in due course on proposed legislative changes on other areas of MiFID II.

Business Environment

The global economy has been recovering from the initial shock of the COVID-19 pandemic. The second and third waves of infections damaged the service industry but were less pronounced than seen during the first wave in March and April 2020.

The global economy was also supported by fiscal and monetary policy support from around the world. The US economy recovered rapidly, in part thanks to large-scale economic policy and the Federal Reserve Board's adoption of a zero-interest rate policy ("ZIRP"), quantitative easing, and credit easing. In Europe, the European Central Bank ("ECB") also extended their quantitative easing program, the Pandemic Emergency Purchase Programme ("PEPP").

In addition to the macro-economic uncertainties referenced above, the Company continues to proactively manage the continued challenges of industry digitalisation by prioritising collaboration across division and regions.

COVID-19 Pandemic

As noted above, the Company has been impacted by COVID-19 which was declared as a pandemic by the World Health Organisation on 11 March 2020. Subsequently, the Company 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 Company's contingency and business continuity arrangements are operating as planned and the Company continues to operate on a business as usual basis with most employees working from home. The Company has been preparing phased returns to the offices in compliance with local government mandates. It is considered that the Company 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 arrangement in future.

The Company'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 Service ("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").

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 position.

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 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 2021 and complements disclosures made in NIP's Annual Report.

Directors	Internal Directorships	External Directorships
Takeo Aoki	9	4
David Godfrey	3	1
John Tierney	3	0
Jonathan Britton	3	3
Jonathan Lewis	2	0
Neeta Atkar	4	4
Hisato Miyashita (1)	5	0
Rosemary Murray	3	7

1. *Resigned on 30th June 2021*

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

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

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

All of the above directorships are compliant with CRD IV requirements

Own Funds Disclosures

CC1: Composition of Regulatory Capital

The Group, NIP, NBI and NFPE Own Funds:

		Mar-21			
ITS [(1)]	**($m)**	**Group**	**NIP**	**NBI**	**NFPE [(9)]**
1	Common Equity Tier 1 capital instruments and share premium	11,399	11,269	255	59
2	Retained Earnings	(6,654)	(7,120)	22	70
3	Other reserves	1,086	1,398	(109)	528
3a	Funds for general banking risks	-	-	-	3
5a	Independently reviewed interim profits net of any foreseeable charge or dividend			(10)	-
6	**Common Equity Tier 1 before regulatory adjustments**	**5,830**	**5,546**	**158**	**661**
8	Deduction from Tier 1: other intangible assets [(2)]	(20)	(10)	-	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(3)	-	(3)	-
	Prudential filters:				
14	*Liabilities own credit risk adjustment [(3)]*	25	(67)	111	(2)
7	*Prudent valuation adjustment [(4)]*	(122)	(121)	(0)	(1)
28	**Total Regulatory Adjustments to Common Equity Tier 1**	**(119)**	**(197)**	**109**	**(3)**
29	**Common Equity Tier 1**	**5,710**	**5,349**	**267**	**658**
46	Tier 2 capital	2,160	1,260	-	-
59	**Total Capital [(5)]**	**7,870**	**6,609**	**267**	**658**
61	**Common Equity Tier 1 Ratio [(6)]**	**17.16%**	**16.88%**	**279.68%**	**41.30%**
63	Total Capital as a percentage of total Risk Exposure amounts	23.64%	20.86%	279.68%	41.30%
64	Institution specific buffer requirement [(7)]	2.55%	2.55%	2.50%	2.55%
65	of which: Capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
66	of which: Countercyclical buffer requirement	0.05%	0.05%	0.00%	0.05%
68	Common Equity Tier 1 available to meet Total Capital Requirements[(8)]	8.00%	7.44%	271.68%	29.30%

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, NIP, NBI and NFPE (LI1) reconciliation of own funds to the audited financial balance sheet*
6. *Tier 1 capital ratio is equal to the Common Equity Tier 1 ratio*
7. *Institution specific buffer requirement: capital conservation buffer plus countercyclical capital buffer requirements expressed as a percentage*
8. *Common Equity Tier 1 available to meet minimum Tier 1 total capital requirements (Pillar 1 + Pillar 2A) as there are no innovative Tier 1 instruments*
9. *NFPE reports in euros. NFPE numbers have been converted into dollars at a euro/dollar exchange rate of 0.8516 on the 31st March 2021*

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 as at 18th December 2019.

At 31 March 2021, 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	NEHS Group Regulatory position
Called up share capital	11,391	-	11,391							**11,391**
Share premium	7	-	7							**7**
Share based payment reserve	-	1,214	1,214							**1,214**
Translation Reserve	-	(36)	(36)							**(36)**
Own Credit Adjustment	-	(92)	(92)				94		(3)	**(1)**
Retained Earnings	(6,927)	269	(6,658)	4	(20)	(69)	-	(122)	-	**(6,865)**
Common Equity Tier 1	**4,471**	**1,355**	**5,826**	**4**	**(20)**	**(69)**	**94**	**(122)**	**(3)**	**5,710**
Paid up capital instruments and subordinated loans	2,160	-	2,160	-	-	-	-	-	-	2,160
Tier 2 Capital Instruments	**2,160**	**-**	**2,160**	**-**	**-**	**-**	**-**	**-**	**-**	**2,160**
Own Funds	**6,631**	**1,355**	**7,986**	**4**	**(20)**	**(69)**	**94**	**(122)**	**(3)**	**7,870**

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

$m	NIP Company Only Accounts	Prudential filters				NIP Regulatory Position
		IFRS 9 Transitional Arrange-ments	Intangible Assets [1]	Derivative Liabilities Own Credit Risk Adjustment [2]	Prudent Valuation Adjustment [3]	
Called up share capital	11,241					11,241
Share premium	28					28
Capital redemption reserve	184					184
Other reserves	0					0
Share based payment reserve	1,213					1,213
Retained Earnings	(7,124)	4	(10)	(67)	(120)	(7,317)
Common Equity Tier 1	**5,542**	**4**	**(10)**	**(67)**	**(120)**	**5,349**
Paid up capital instruments and subordinated loans	1,260	-	-	-	-	1,260
Tier 2 Capital instruments	**1,260**	**-**	**-**	**-**	**-**	**1,260**
Own Funds	**6,802**	**4**	**(10)**	**(67)**	**(120)**	**6,609**

1. *CRR article 37*
2. *CRR article 33 (1) (c)*
3. *CRR article 34*

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

$m	NBI Company Only Accounts [1]	Prudential filters				NBI Regulatory position
		IFRS 9 transitional arrangements	Fair Valued Liabilities Own Credit risk Adjustment [2]	Prudent Valuation Adjustment [3]	Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	
Called up share capital	255					255
Own Credit reserve	(109)		111		(3)	(0)
Other reserves	-					-
Retained Earnings	12	0	-	(0)	-	12
Common Equity Tier 1	**158**	**0**	**111**	**(0)**	**(3)**	**267**
Paid up capital instruments and subordinated loans	-	-	-	-	-	-
Tier 2 Capital instruments	**-**	**-**	**-**	**-**	**-**	**-**
Own Funds	**158**	**0**	**111**	**(0)**	**(3)**	**267**

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

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

$m [4]	NFPE Company Only Accounts[1]	Prudential filters: Funds for general banking risk	Prudential filters: Intangible Assets	Prudential filters: Derivative Liabilities Own Credit Risk Adjustment[3]	Prudential filters: Prudent Valuation Adjustment[2]	NFPE Regulatory position
Called up share capital	59					59
Share premium	-					-
Capital redemption reserve	-					-
Other reserves	528					528
Share based payment reserve	-					-
Retained Earnings	70	3	-	(2)	(1)	71
Common Equity Tier 1	**658**	**3**	**-**	**(2)**	**(1)**	**658**
Paid up capital instruments and subordinated loans	-	-	-	-	-	-
Tier 2 Capital instruments	**-**	**-**	**-**	**-**	**-**	**-**
Own Funds	**658**	**3**	**-**	**(2)**	**(1)**	**658**

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 0.8516 on the 31st March 2021*

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	5,749	5,749	-	-	-	-
Financial assets held for trading	143,321	732	127,599	-	141,941	-
Investments - time deposits	1,390	1,390	-	-	-	-
Current tax receivable	27	27	-	-	-	-
Collateral posted for securities purchased under agreements to resell	65,634	120	65,634	-	65,634	-
Collateral posted for securities borrowed	12,058	-	12,058	-	12,058	-
Other debtors	21,513	1,653	19,861	-	19,861	-
Financial investments	21	21	-	-	-	-
Deferred tax assets	25	25	-	-	-	-
Tangible fixed assets	89	89	-	-	-	-
Intangible fixed assets	20	-	-	-	-	20
Total Assets	**249,847**	**9,805**	**225,152**	**-**	**239,494**	**20**
Liabilities						
Financial liabilities held for trading	134,857	-	127,233	-	134,459	-
Commercial papers issued	799	-	-	-	-	799
Current tax payable	21	-	-	-	-	21
Other creditors	42,120	-	37,811	-	37,811	4,309
Collateral received for securities sold under agreements to repurchase	55,107	-	55,107	-	55,107	-
Collateral received for securities loaned	5,999	-	5,999	-	5,999	-
Provisions	448	-	-	-	-	448
Deferred tax liability	-	-	-	-	-	-
Creditors (amounts falling due after more than one year)	4,668	-	34	-	34	4,634
Total Liabilities	**244,021**	**-**	**226,185**	**-**	**233,411**	**10,211**

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	9,805	225,152
Total Liabilities	-	(226,185)
Total Net Assets	**9,805**	**(1,033)**
Off Balance Sheet Items	2,695	
Specific Regulatory Treatment	(467)	46,803
Credit Conversion Factors	(1,866)	
Modelling	-	-
Exposures Considered for Regulatory Purposes	**10,167**	**45,770**

Explanation of differences between accounting and regulatory exposure

Off balance sheet and potential future exposure for counterparty credit risk

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

Differences in netting rules

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

Differences due to financial collateral

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

Accounting and regulatory treatments

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

NOMURA

Transitional Provisions

CRR Article 473a

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-21**	**Dec-20**	**Sep-20**	**Jun-20**	**Mar-20**
Available Capital					
Common Equity Tier 1 (CET1) capital	5,710	5,374	5,358	5,363	5,226
Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied	5,707	5,370	5,345	5,349	5,210
Tier 1 capital	5,710	5,374	5,358	5,363	5,226
Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied	5,707	5,370	5,345	5,349	5,210
Total capital	7,870	7,534	7,518	7,523	7,386
Total capital as if IFRS 9 ECL transitional arrangements had not been applied	7,867	7,530	7,505	7,509	7,370
Risk Weighted Assets					
Total risk-weighted assets	33,287	33,853	30,625	32,811	33,707
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	17.2%	15.9%	17.5%	16.3%	15.5%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	17.1%	15.9%	17.5%	16.3%	15.5%
Tier 1 (as a percentage of risk exposure amount)	17.2%	15.9%	17.5%	16.3%	15.5%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	17.1%	15.9%	17.5%	16.3%	15.5%
Total capital (as a percentage of risk exposure amount)	23.6%	22.3%	24.5%	22.9%	21.9%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	23.6%	22.2%	24.5%	22.9%	21.9%
Leverage Ratio					
Leverage ratio total exposure measure	154,099	168,800	163,988	155,549	162,757
Leverage ratio	3.7%	3.2%	3.3%	3.4%	3.2%
Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied	3.7%	3.2%	3.3%	3.4%	3.2%

IFRS 9-FL: Transitional Provisions of NIP

	NIP				
$m	**Mar-21**	**Dec-20**	**Sep-20**	**Jun-20**	**Mar-20**
Available Capital					
Common Equity Tier 1 (CET1) capital	5,349	5,067	5,141	5,210	5,074
Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied	5,345	5,063	5,128	5,197	5,058
Tier 1 capital	5,349	5,067	5,141	5,210	5,074
Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied	5,345	5,063	5,128	5,197	5,058
Total capital	6,609	6,327	6,401	6,470	6,334
Total capital as if IFRS 9 ECL transitional arrangements had not been applied	6,605	6,323	6,388	6,457	6,318
Risk Weighted Assets					
Total risk-weighted assets	31,687	32,840	29,602	31,726	32,746
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	16.9%	15.4%	17.4%	16.4%	15.5%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	16.9%	15.4%	17.3%	16.4%	15.4%
Tier 1 (as a percentage of risk exposure amount)	16.9%	15.4%	17.4%	16.4%	15.5%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	16.9%	15.4%	17.3%	16.4%	15.4%
Total capital (as a percentage of risk exposure amount)	20.9%	19.3%	21.6%	20.4%	19.3%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	20.8%	19.3%	21.6%	20.4%	19.3%
Leverage Ratio					
Leverage ratio total exposure measure	148,038	164,248	159,081	150,187	156,604
Leverage ratio	3.6%	3.1%	3.2%	3.5%	3.2%
Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied	3.6%	3.1%	3.2%	3.5%	3.2%

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-21	Mar-20	Variance	Mar-21	Mar-21	Mar-20	Variance	Mar-21
Credit risk (excluding CCR)	**2,747**	**3,706**	**(959)**	**220**	**2,261**	**3,106**	**(845)**	**181**
of which the standardised approach	2,747	3,706	(959)	220	2,261	3,106	(845)	181
Counterparty credit risk	**20,596**	**18,604**	**1,992**	**1,648**	**19,881**	**18,584**	**1,297**	**1,590**
of which mark to market	4,298	4,132	167	344	4,052	4,162	(109)	324
of which internal model method (IMM)	8,812	8,301	511	705	8,453	8,292	162	676
Of which risk exposure amount for contributions to the default fund of a CCP	108	85	23	9	107	84	23	9
of which CVA	3,118	2,037	1,080	249	3,014	2,001	1,013	241
of which master netting agreement	4,260	4,049	211	341	4,255	4,045	210	340
Settlement risk	**47**	**322**	**(275)**	**4**	**47**	**322**	**(275)**	**4**
Market risk	**6,683**	**8,152**	**(1,469)**	**535**	**6,457**	**8,079**	**(1,622)**	**517**
of which the standardised approach	2,202	2,139	63	176	2,185	2,131	54	175
of which IMA	4,481	6,013	(1,532)	358	4,272	5,948	(1,677)	342
Large exposures	**-**	**-**	**-**	**-**	-	-	-	-
Operational risk	**3,214**	**2,923**	**291**	**257**	**3,041**	**2,655**	**386**	**243**
of which standardised approach	3,214	2,923	291	257	**3,041**	**2,655**	**386**	**243**
Total	**33,287**	**33,707**	**(420)**	**2,663**	**31,687**	**32,746**	**(1,059)**	**2,535**

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

Movements in RWA over the period

NIP

Credit Risk decreased over the period due to reduced loan positions.

Counterparty Credit Risk increased over the period mainly due to increase in overall CVA during the year. Increase CVA is due to higher absolute credit spread and reduction in CVA hedges.

Market risk under IMA approach decreased in VaR and SVaR due to decreased risk in FVA and CVA hedges and reduction in effective multiplier from 3.4 to 3 following five backtesting exceptions moving out of the 250 day window.

The Group

The Group's RWA movements over the period are materially in line with NIP with the exception of increased trading activity in NFPE entity post Brexit.

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:

- Czech Republic (1% to 0.5%),
- Ireland (1% to 0%),
- Lithuania (1% to 0%), and
- Slovakia (1.5% to 1%)

Apart from above, Luxembourg increased the CCyB rate in January 2021 from 0% to 0.5%.

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	33,287
Institution specific CCyB rate	0.053%
Institution specific CCyB requirement	**18**

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") periodically 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 requirement of ~$1.40bn for the Group and ~$1.45bn for NIP as at 31st March 2021.

Capital Management

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

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

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

Counterparty Credit Risk and Credit Risk

Counterparty Credit Risk and Credit Scope

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

The process for managing credit risk at the Group includes:

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

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

Internal Model Method

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

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

Credit Risk Mitigation

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

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

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

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

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

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

Standardised Derivative Calculation Method

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

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

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

Non-trading book exposure to equities

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

CCR1: Analysis of Counterparty Credit Risk RWA by Approach

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

$m	Current Market Value	Potential Future Exposure	EEPE	Multiplier	EAD post-CRM	RWA
Mark to Market	8,980	11,527			7,366	4,181
IMM (for Derivatives and SFTs)			13,497		18,026	8,811
Of which derivatives			6,450	1.4	8,929	6,398
Of which securities financing transactions			7,047	1.4	9,097	2,413
Master Netting Agreement					13,442	4,239
Total					**38,834**	**17,231**

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	5,203	1,692
(i) VaR component (including the 3×multiplier)		1,048
(ii) Stressed VaR component (including the 3×multiplier)		644
All Portfolios Subject to the Standardised Method	4,418	1,426
Total subject to the CVA capital charge	**9,621**	**3,118**

Total CVA charge has increased over the year. Increase CVA is due to higher absolute credit spread and reduction in CVA hedges.

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-20	**9,902**	**792**
Asset size	(1,175)	(94)
Model Updates	-	-
Credit Quality of Counterparties	85	7
RWA as at Mar-21	**8,812**	**705**

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)		246
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	5,226	104
(i) OTC derivatives	3,463	68
(ii) Exchange-traded derivatives	582	12
(iii) SFTs	1,181	24
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	690	
Non-segregated initial margin	1,710	34
Prefunded default fund contributions	422	108
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 $40m 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 20-21. It presents exposures after provisions but before credit risk mitigation ("CRM") and CCF.

	The Group		NIP	
$m	**Mar-21**	**Average**	**Mar-21**	**Average**
Central Governments or Central Banks	5,052	5,281	2,875	3,423
Corporates	3,678	3,866	2,069	2,263
Institutions	3,078	2,675	3,375	1,946
Public Sector Entities	1	81	1	0
Regional governments or Local Authorities	0	0	0	0
Multilateral Development Banks	0	0	0	0
Equity Exposures	23	21	36	34
Other Items	167	201	129	156
Exposures in default	34	36	34	36
Total	**12,034**	**12,162**	**8,520**	**7,859**

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**	**Professional, Scientific and Technical Services**	**Transport and Storage**	**Others**	**Total**
Central Governments or Central Banks	4,465	556	-	-	-	31	5,052
Corporates	1,643	-	376	405	282	971	3,678
Institutions	3,078	-	-	-	-	0	3,078
Multilateral Development Banks	-	-	-	-	-	-	-
Public Sector Entities	1	-	-	-	0	-	1
Regional governments or Local Authorities	-	0	-	-	-	-	0
Equity Exposures	20	-	-	-	-	2	23
Other Items	0	-	-	-	-	167	167
Exposures in default	-	-	-	-	-	34	34
Total	**9,207**	**557**	**376**	**405**	**282**	**1,206**	**12,034**

$m	NIP						
	Financial and Insurance Activities	**Public Administration and Defence, Compulsory Social Security**	**Manufacturing**	**Professional, Scientific and Technical Services**	**Transport and Storage**	**Others**	**Total**
Central Governments or Central Banks	2,788	76	-	-	-	11	2,875
Corporates	1,351	-	55	35	130	499	2,069
Institutions	3,375	-	-	-	-	0	3,375
Public Sector Entities	1	-	-	-	0	-	1
Regional governments or Local Authorities	-	0	-	-	-	-	0
Equity Exposures	34	-	-	-	-	2	36
Other Items	0	-	-	-	-	129	129
Exposures in default	-	-	-	-	-	34	34
Total	**7,548**	**77**	**55**	**35**	**130**	**675**	**8,520**

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	Begium	Netherlands	Sweden	Other Countries	**Americas**	United States	Venezuela	Cayman Islands	Bermuda	Other Countries	**Asia**	Japan	Australia	Hong Kong	China	Other Countries	**Grand Total**
Central Governments or Central Banks	**4,537**	2,819	5	940	720	31	0	13	0	-	7	**33**	12	20	-	-	1	**482**	480	-	-	-	2	**5,052**
Corporates	**3,240**	1,625	888	303	36	4	74	96	74	62	78	**146**	111	-	18	15	2	**292**	256	0	19	12	6	**3,678**
Institutions	**1,545**	369	92	16	45	638	157	179	5	4	40	**406**	400	-	-	-	6	**1,127**	770	170	70	113	4	**3,078**
Public sector entities	**0**	-	-	-	-	-	-	-	-	0	-	**-**	-	-	-	-	-	**1**	1	-	0	-	0	**1**
Regional governments or local authorities	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**0**	-	-	-	-	0	**0**
Equity Exposures	**23**	2	-	-	-	8	-	12	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**23**
Other items	**167**	129	14	7	13	2	0	-	0	0	1	**0**	0	-	-	-	-	**-**	-	-	-	-	-	**167**
Exposures in default	**34**	34	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**34**
Total	**9,546**	**4,980**	**999**	**1,266**	**815**	**684**	**231**	**299**	**80**	**66**	**126**	**585**	**523**	**20**	**18**	**15**	**10**	**1,902**	**1,506**	**170**	**89**	**125**	**12**	**12,034**

	NIP																							
$m	**EMEA**	United Kingdom	France	Luxembourg	Spain	Netherlands	Begium	Germany	Italy	Switzerland	Other Countries	**Americas**	United States	Venezuela	Cayman Islands	Bermuda	Other Countries	**Asia**	Japan	Australia	Hong Kong	China	Other Countries	**Grand Total**
Central Governments or Central Banks	**2,839**	2,819	1	-	0	0	13	0	0	-	5	**33**	12	20	-	-	1	**3**	1	-	-	-	2	**2,875**
Corporates	**1,728**	1,311	26	201	74	74	0	-	20	0	22	**52**	19	-	15	15	2	**289**	256	0	19	12	3	**2,069**
Institutions	**2,694**	1,286	2	4	152	-	163	1,067	0	7	13	**286**	281	-	-	-	5	**395**	337	45	7	2	4	**3,375**
sPublic sector entities	**0**	-	-	-	-	-	-	-	-	-	0	**-**	-	-	-	-	-	**1**	1	-	0	-	0	**1**
Regional governments or local authorities	**-**	-	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**0**	-	-	-	-	0	**0**
Equity Exposures	**36**	2	-	0	-	-	12	13	-	8	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**36**
Other items	**129**	129	-	-	-	-	-	-	-	-	-	**0**	0	-	-	-	-	**-**	-	-	-	-	-	**129**
Exposures in default	**34**	34	-	-	-	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-	-	-	-	-	**34**
Total	**7,459**	**5,581**	**29**	**205**	**226**	**74**	**187**	**1,080**	**20**	**16**	**40**	**372**	**313**	**20**	**15**	**15**	**8**	**689**	**595**	**46**	**26**	**14**	**9**	**8,520**

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	5,052	-	-	-	5,052
Corporates	819	1,282	1,577	-	3,678
Institutions	2,926	-	152	-	3,078
Public Sector Entities	1	-	-	-	1
Regional governments or Local Authorities	0	-	-	-	0
Equity Exposures	-	-	-	23	23
Other Items	86	-	81	-	167
Exposures in default	34	-	-	-	34
Total	**8,918**	**1,282**	**1,811**	**23**	**12,034**

	NIP				
$m	**Up to 1 Year**	**1 to 5 Years**	**Greater Than 5 Years**	**Undefined Maturity**	**Total**
Central Governments or Central Banks	2,875	-	-	-	2,875
Corporates	541	382	1,146	-	2,069
Institutions	2,342	-	1,033	-	3,375
Public Sector Entities	1	-	-	-	1
Regional governments or Local Authorities	0	-	-	-	0
Equity Exposures	-	-	-	36	36
Other Items	78	-	51	-	129
Exposures in default	34	-	-	-	34
Grand Total	**5,872**	**382**	**2,230**	**36**	**8,520**

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.

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)	1,103	88	1,103	88
Equity risk (general and specific)	557	45	557	45
Foreign exchange risk	542	43	525	42
Commodity risk	-	-	-	-
Options				
Simplified approach	-	-	-	-
Delta-plus method	-	-	-	-
Scenario approach	-	-	-	-
Securitisation (specific risk)	-	-	-	-
Total	**2,202**	**176**	**2,185**	**175**

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	143	11	131	10
60 Day Average Multiplied by 3	567	45	533	43
Higher value[1]	567	45	533	43
Stressed VaR (10 day 99%)				
Period end	365	29	346	28
60 Day Average Multiplied by 3	1,089	87	1,029	82
Higher value[1]	1,089	87	1,029	82
Incremental Risk Charge (99.9%)				
Period end	265	21	263	21
60 Day Average	320	26	319	25
Higher value[1]	320	26	319	25
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	123	10	123	10
Stressed Risk Not In VaR	2,381	190	2,269	181
Total	**4,481**	**358**	**4,272**	**342**

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 2021 and March 2021

	The Group						
$m	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Capital Requirements(1)
RWA at Dec-20	668	1,115	372	0	2,214	4,369	350
Movement in risk levels	(103)	(25)	(52)		290	110	8
Model updates/changes	3	(1)				2	0
VaR window change/ model updates	3	(1)					
RWA at Mar-21	**568**	**1,089**	**320**	**0**	**2,504**	**4,481**	**358**

	NIP						
$m	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Capital Requirements(1)
RWA at Dec-20	627	1,039	371	0	2,152	4,189	335
Movement in risk levels	(97)	(10)	(52)		240	81	7
Model updates/changes	3	(1)				2	0
VaR window change/ model updates	3	(1)					
RWA at Mar-21	**533**	**1,028**	**319**	**0**	**2,392**	**4,272**	**342**

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

Increase in Other ("RNIV") RWA was mainly led by increase in $194m SVaR buffer add-on which offsets decrease in CVA and Market Risk SVaR capital caused by credit spreads level tightening, and $91m Inflation Vega due to increase in Inflation Vega position.

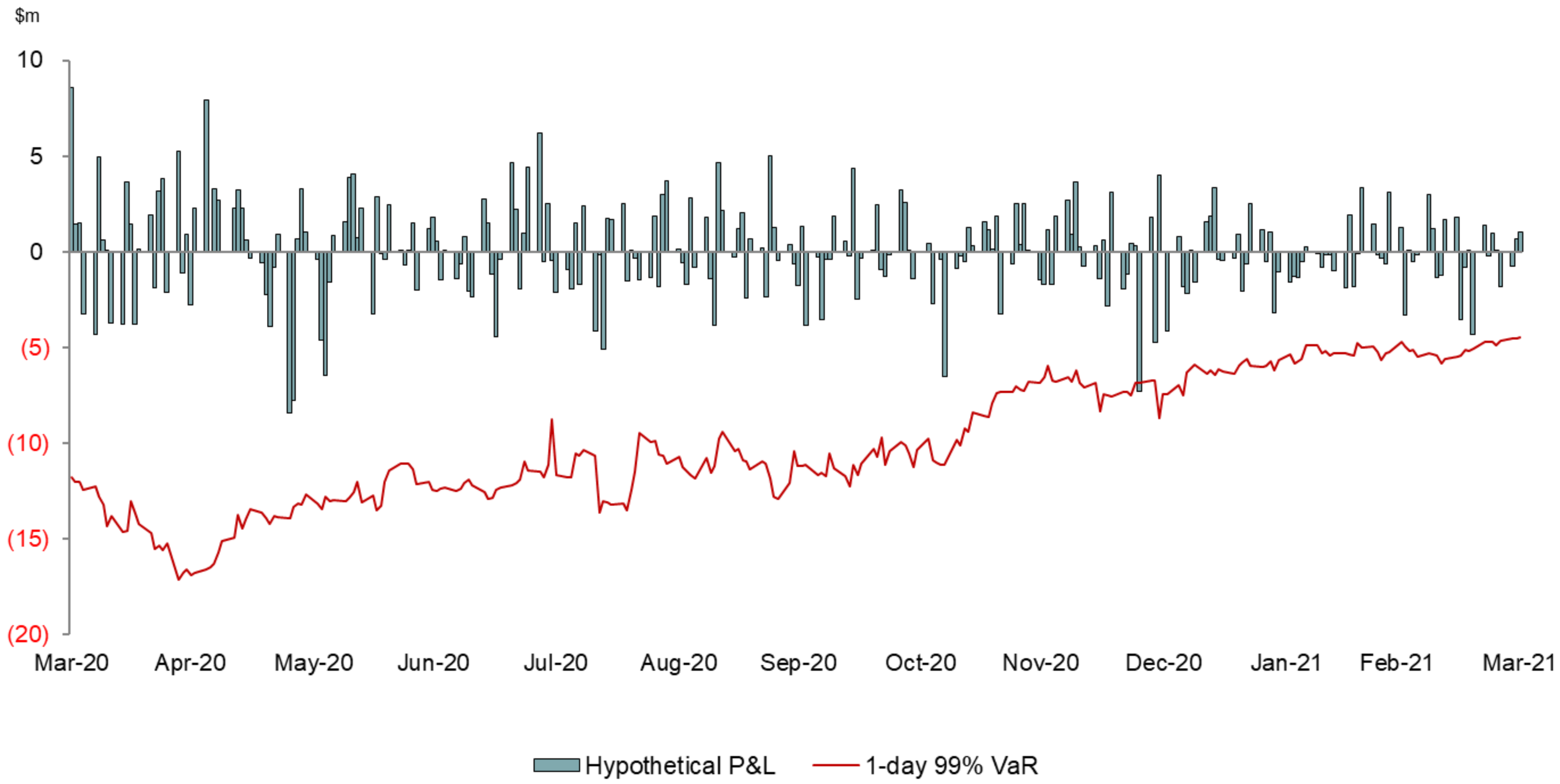
MR3: Review of Market Risk Regulatory Measures

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

$m	The Group	NIP
VaR (10 day 99%)		
Maximum value	37	36
Average value	21	20
Minimum value	10	9
Period end	11	10
SVaR (10 day 99%)		
Maximum value	41	40
Average value	31	30
Minimum value	24	22
Period end	29	28
IRC (99.9%)		
Maximum value	48	48
Average value	27	27
Minimum value	20	20
Period end	21	21
Comprehensive Risk capital charge (99.9%)		
Maximum value	-	-
Average value	-	-
Minimum value	-	-
Period end	-	-

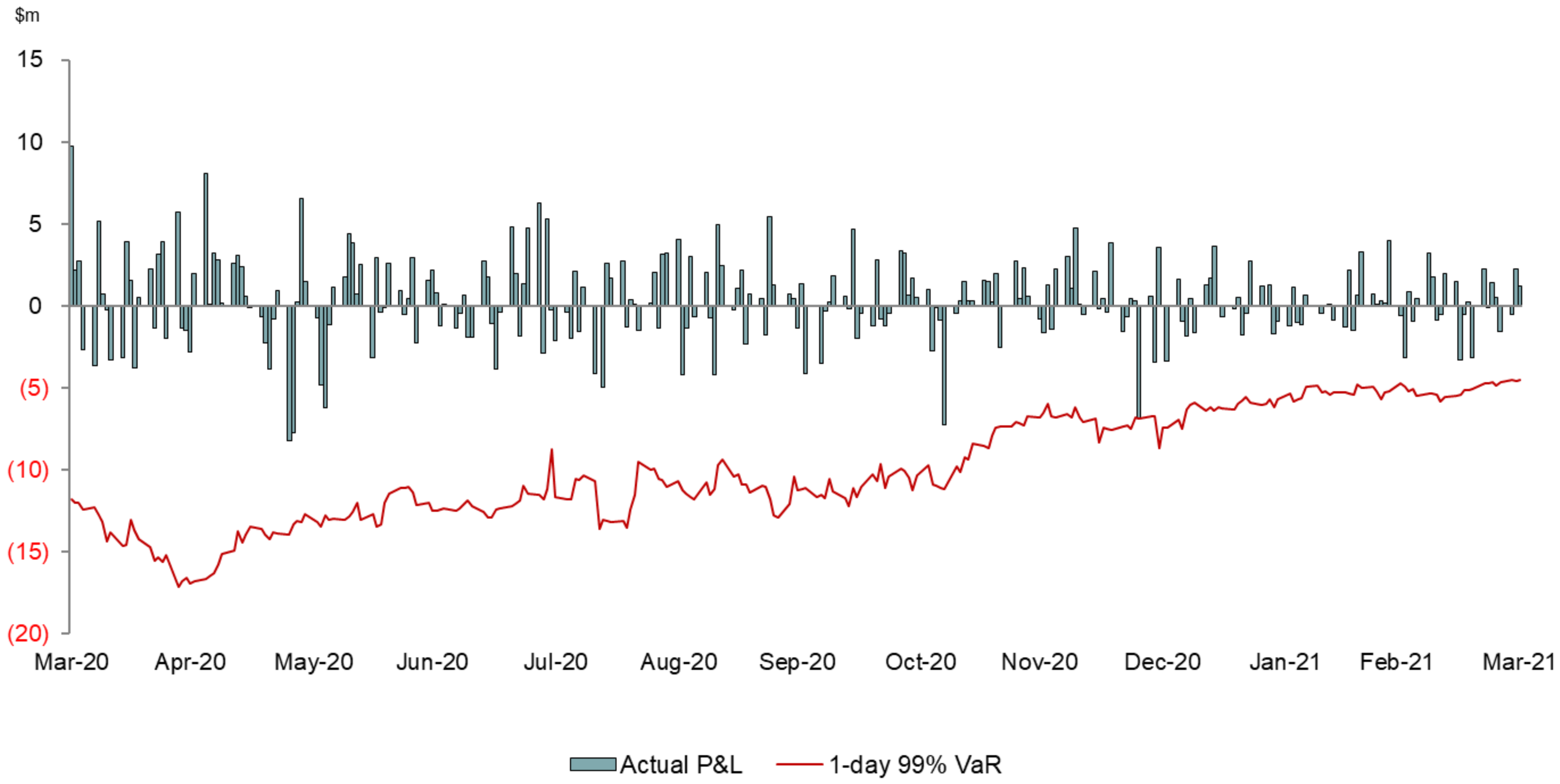
MR4: Comparison of VaR Estimates with Hypothetical Gains / Losses for NIP

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 2021 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 2021 for NIP's PRA approved internal model approach.



1-day trading losses exceeded the 99% VaR estimate on one occasion for the Company for the year ended 31 March 2021.

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 2021, a scenario of 200bps downward shift, which assumes interest rates across all maturities shifting downwards by 200 basis points, would have resulted in a loss of \$41m.

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]	**9,562**	**247,619**
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation [2]	240,285	-
(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	(89,429)	(90,445)
Adjustments for securities financing transactions "SFTs"	(7,146)	(8,445)
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	871	1,289
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013) [3]	-	(1,947)
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-	-
Other adjustments	(44)	(33)
Total leverage ratio exposure	**154,099**	**148,038**

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)	42,979	39,490
(Asset amounts deducted in determining Tier 1 capital)	(20)	(10)
Total on-balance sheet exposures	**42,959**	**39,480**
Derivative exposures		
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	4,371	3,956
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	46,305	45,642
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)	(12,732)	(12,482)
(Exempted CCP leg of client-cleared trade exposures)	(856)	(856)
Adjusted effective notional amount of written credit derivatives	195,743	195,666
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(195,347)	(195,233)
Total derivative exposures	**37,484**	**36,692**
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	208,667	207,557
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(145,463)	(145,306)
Counterparty credit risk exposure for SFT assets	9,580	10,273
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	**72,784**	**72,524**
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	2,628	3,449
(Adjustments for conversion to credit equivalent amounts)	(1,757)	(2,160)
Total Other off-balance sheet exposures	**871**	**1,289**
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))		(1,947)
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))		
Total Exempted exposures	**-**	**(1,947)**
Capital and total exposures		
Tier 1 capital	**5,707**	**5,345**
Total leverage ratio exposures	**154,099**	**148,038**
Leverage ratio	**3.7%**	**3.6%**
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-20. Increase in leverage ratio of 0.3% is driven by reduction in leverage exposure.

LRSpl: Breakdown of On Balance Sheet Leverage Exposures

$m	The Group	NIP
Trading book exposures	33,181	33,072
Banking book exposures, of which:	9,799	6,418
Exposures treated as sovereigns	5,021	2,819
Institutions	3,553	2,693
Corporate	1,064	775
Exposures in default	34	34
Other exposures	127	97
Total on-balance sheet exposures	**42,979**	**39,490**

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 division 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 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 Group is compliant with LCR as per the European Commission's rules.

In addition to MCO and LCR, the Group monitors and manages a set of liquidity metrics on an ongoing basis in order to ensure compliance with internal and external requirements as applicable. These are in part captured by PRA 110 and supplement the LCR.

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 and NEHS ALCO, further supported by sub-committees to ensure appropriate level of review and challenge of the liquidity framework.

Overall Adequacy of Liquidity Risk Management

The LRM Framework as summarised in 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 entity operates on a self-sufficient basis ensuring on-going compliance with the Liquidity Risk Appetite without placing any reliance on obtaining incremental unsecured funding.

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 2020**	**30 Sep 2020**	**31 Dec 2020**	**31 Mar 2021**	**30 Jun 2020**	**30 Sep 2020**	**31 Dec 2020**	**31 Mar 2021**
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High Quality Liquid Assets								
Total High-Quality Liquid Assets (HQLA)					**22,551**	**22,819**	**23,159**	**23,429**
Cash Outflows								
Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
Stable deposits	-	-	-	-	-	-	-	-
Less stable deposits	-	-	-	-	-	-	-	-
Unsecured wholesale funding	4,442	4,327	4,135	4,195	2,968	2,918	2,752	2,768
Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,951	1,863	1,826	1,883	488	466	456	471
Non-operational deposits (all counterparties)	2,036	2,046	1,942	1,954	2,026	2,034	1,928	1,940
Unsecured debt	454	418	368	357	454	418	368	357
Secured wholesale funding					22,666	22,495	21,445	20,627
Additional requirements	5,784	6,721	7,488	8,458	4,791	5,158	5,320	5,761
Outflows related to derivative exposures and other collateral requirements	4,698	5,644	6,410	7,384	4,619	5,000	5,163	5,561
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	1,086	1,078	1,078	1,074	172	158	157	200
Other contractual funding obligations	8,339	8,340	9,037	9,772	8,116	8,149	8,862	9,615
Other contingent funding obligations	1,049	889	713	496	338	259	173	102
Total Cash Outflows					**38,880**	**38,978**	**38,553**	**38,873**
Cash Inflows								
Secured lending (eg reverse repos)	251,446	251,350	251,540	255,890	20,585	20,573	20,286	20,537
Inflows from fully performing exposures	1,559	1,586	1,490	1,394	1,214	1,304	1,261	1,148
Other cash inflows	8,084	8,298	8,044	8,371	8,081	8,295	8,042	8,369
(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	**261,088**	**261,235**	**261,074**	**265,655**	**29,880**	**30,172**	**29,589**	**30,054**
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows Subject to 90% Cap	-	-	-	-	-	-	-	-
Inflows Subject to 75% Cap	203,686	204,783	203,700	202,937	29,880	30,172	29,589	30,054

	Total adjusted value			
Liquidity Buffer	**22,551**	**22,819**	**23,159**	**23,429**
Total Net Cash Outflows	**10,000**	**9,943**	**9,922**	**10,001**
Liquidity Coverage Ratio (%)	**226%**	**230%**	**235%**	**236%**

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

Concentration of Funding and Liquidity Sources

In line with liquidity reporting requirements, the firm prepares ALMM templates designed to supplement LCR, which provide a view on different aspects of concentration risk. The templates are formally submitted to the PRA on a monthly basis and facilitate internal concentration monitoring.

The Group also monitors concentrations covering collateral type, counterparty, and tenor concentrations for secured financing activities under its internal liquidity risk framework. In particular refinancing risk is monitored via counterparty and tenor concentrations, limit monitoring for Peripheral country repo financing as well as the monitoring of currency funding risk via rollover risk concentration.

The Treasury LP is invested in line with the Global LP Investment Policy, which includes concentration guidelines with regards to country, currency and asset type.

Derivative Exposures and Potential Collateral Calls

NIP is the main derivatives trading entity within the Group, executing numerous derivative products including FX products, 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 (MCO) and monitors short-dated FX rollover risk via a set of Early Warning Indicator and other trigger metrics as part of the Contingency Funding Planning.

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 Policy is set globally and cascaded locally. Liquidity and Funding risk at the Group is managed regionally, with EMEA Treasury directly responsible for the PRA-regulated entities: NEHS 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 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	**25,510**	**5,953**			**250,049**	**5,183**		
Equity instruments	6,788	2,365			1,930	236		
Debt securities	4,691	3,167	4,691	3,167	1,034	683	1,034	683
of which: covered bonds	4	-	4	-	-	-	-	-
of which: asset-backed securities	2	-	2	-	11	-	11	-
of which: issued by general governments	3,321	3,149	3,321	3,149	566	675	566	675
of which: issued by financial corporations	359	-	359	-	131	-	131	-
of which: issued by non-financial corporations	916	27	916	27	241	14	241	14
Other assets *	13,971	-			247,250	4,199		

** The majority of Unencumbered Other assets relate to derivative instruments and cash loaned on reverse repo.*

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	**157,024**	**122,302**	**22,496**	**17,709**
Loans on demand	-	-	-	-
Equity instruments	20,853	10,016	644	110
Debt securities	134,448	111,196	21,581	17,563
of which: covered bonds	1,409	-	24	-
of which: asset-backed securities	1,892	53	374	-
of which: issued by general governments	113,371	107,978	17,336	17,141
of which: issued by financial corporations	9,607	388	2,597	216
of which: issued by non-financial corporations	7,996	2,590	1,539	301
Loans and advances other than loans on demand	-	-	-	-
Other collateral received	333	-	120	-
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	**182,534**	**128,522**		

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 *	**166,995**	**160,448**

** The majority of Financial liabilities relate to repurchase agreements.*

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 primarily 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

These disclosures relate to remuneration policies and practices as applied to individuals identified as Material Risk Takers ("MRTs") of the Nomura Europe Holdings plc Group and its subsidiaries, i.e. Nomura International plc and Nomura Bank International.

Due to their size, several other non-UK NEHS subsidiaries such as Banque Nomura France, Nomura Alternative Investment Management France, Nomura Bank Luxembourg and Nomura Financial Products Europe GmbH benefit from the application of the proportionality principle on an entity basis.

The proportionality principle is also applied at an individual level to MRTs whose compensation meet specific thresholds.

Material Risk Takers

The MRT population has been identified in line with the relevant regulations, i.e. the Capital Requirements Directive ("CRD") IV and Commission Delegated Regulation No 604/2014, with quantitative and qualitative criteria being used for identification purposes. This population includes individuals with sufficiently high compensation levels and specific function holders, such as members of the management body and senior management, amongst others.

The remuneration of individuals who meet any of the MRT criteria, and to whom proportionality principle does not apply, is subject to specific pay-out rules and performance adjustment measures.

Remuneration Policy

Global Level

Nomura Group has developed a global compensation policy ("Compensation Policy of Nomura Group"), which applies to its all subsidiaries, including the NEHS.

The Compensation Policy of Nomura Group is based on the following key themes:

- Align with Nomura Group values and strategies;
- Reflect Nomura Group-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.

Nomura Group establishes its status firmly as a globally competitive financial services group with a mission of contributing to society. To support this, it puts its clients at the centre of everything it does and recognizes that people are key in delivering its vision of being a Trusted Partner for them. The Nomura Group has therefore developed its compensation policy for its employees to ensure it attracts, retains, motivates and develops talent and behaviour that enables it to achieve sustainable growth and sound and effective risk management, realize a long-term increase in shareholder value, deliver client excellence, compete in a global market and enhance its reputation.

NEHS Remuneration Policy

The purpose of the NEHS Remuneration Policy is to ensure that remuneration practices and processes in the EMEA region align with the Nomura Group Compensation Policy and satisfy the local regulatory requirements, particularly the Prudential Regulation Authority ("PRA") Rulebook and the Financial Conduct Authority ("FCA") Handbook.

Effectively, one of the elements supported by the NEHS Remuneration Policy is good conduct, which is an essential part of how Nomura does business and builds a culture focused on delivering the right outcomes for its stakeholders. The remuneration practices such as the performance management and risk adjustment measures greatly facilitate the promotion and maintenance of the right behaviors across the Group.

Diversity and Inclusion is supported by the NEHS Remuneration Policy, too. It constitutes yet another element of the healthy culture which Nomura strives to maintain and promote in the spirit of the broader Environmental, Social and Governance ("ESG") agenda. In alignment with the principles of equal opportunities and fair treatment of all employees, including gender-neutral remuneration policies, fair pay monitoring begins during early hiring processes. Each salary is offered based on the role and the candidate's merits and reviewed against salaries of individuals holding the same and/or similar posts. There are also annual processes in which Nomura staff's compensation is reviewed from either an internal or external appropriateness perspective.

In 2020, the NEHS Remuneration Policy was updated to more closely align with the Group strategy and the updated processes, as well as with the recent CRD V changes. It also places a greater emphasis on regulatory principles governing remuneration and aiming to contribute to a healthy, inclusive and diverse culture, good conduct and the right behaviours. All the changes were approved by the NEHS Board of Directors ("the Board") as part of the annual process and in line with the aforementioned regulations.

Remuneration Governance

The NEHS Remuneration Policy, remuneration frameworks and the remuneration of directors and senior management at the Board level is overseen by the NEHS Remuneration Committee ("the Committee").

For the 2020/21 fiscal year, the Committee comprised the Chairman of the Board of Directors and three other UK-based independent Non-Executive Directors of the Board.

The Committee Chair formally reports to the Board at the earliest opportunity after each Committee meeting to update the Board on the items discussed along with any actions required and recommendations for approval. Where the recommendations to the Board are not unanimous, the conflicting views are reflected in the recommendation by the Committee Chair.

The term of office of each Committee member are reviewed periodically, and any 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) continues to be independent Non-Executive Directors.

The Committee held 6 meetings for the 2020/21 fiscal year.

The Committee has authority to appoint external consultants and to obtain reliable, up-to-date information about remuneration practices, however no external advisers were appointed in the 2020/21 fiscal year.

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

Variable Remuneration Funding Determination

NHI operates both "bottom-up" and "top-down" processes to establish the appropriate total variable remuneration funding.

"Bottom-up" Process

The "bottom-up" process, in addition to the "top-down" process, takes into account the expected business and individual performance to compute an estimated variable remuneration funding. This process intends to flag particular areas of remuneration pressure or concern.

"Top-down" Process

The "top-down" process is intended to assist the decision-making concerning the total variable remuneration amount that is available at the Nomura Group level and that can be allocated downwards among specific regions and businesses as part of the overall variable remuneration funding.

A variety of financial performance measures, risk adjustment metrics and data points are used by the HRC to inform the decision regarding the Nomura Group-wide variable remuneration pool. The key risk-adjusted financial performance metric considered is the Personnel Expense ("PE") / Risk-adjusted Revenue. The risk adjustment is based on Risk Weighed Assets ("RWA") risk metric, reflecting the amount of capital and risk applied, and an appropriate economic charge. This approach is revised and updated as financial forecasts become clearer throughout the year-end process.

Additionally, in 2020/2021 financial year, a new Risk Adjusted Contribution ("RAC") metric has been introduced, also based on the RWA. It aims at ensuring the Group appropriately considers variable remuneration funding across the different business cycles.

Performance Assessment

The Committee considers a mix of current and future, financial and non-financial factors when reviewing the overall variable remuneration 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 performance and risk-related themes, trends and, where applicable, specific issues;
- Market and competitive conditions, franchise stability and protection;
- Shareholder interests and the long-term role of the Group within NHI;
- Sustainable profitability of NHI and capital position of the Group regulated entities;
- 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.

The Committee separately reviews individual material conduct cases which have been escalated through the Conduct Breach Review Committee and year-end processes. It also discusses pay for performance data and, in close alignment with the Social aspect of the ESG considerations, equal pay and the gender pay gap reporting.

Control Functions

The Control Functions have significant input into the remuneration policies along with remuneration decisions and the year-end process at both the global and regional levels. They ensure that appropriate metrics are considered when establishing remuneration, and that those metrics appropriately reflect the impact of risk behaviours.

At the regional level, the Chief Risk Officer and Head of Compliance are standing attendees at Committee meetings and provide updates from their respective functions perspective. The Head of Internal Audit also attends the meetings as an observer, providing updates on any areas of concern (e.g. Audit reports) at the year-end meetings.

To be more specific, both the Risk Management and Compliance function provide functional view on the effectiveness of the 1st Line of Defense control environment.

- Risk Management function 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 tolerated risk levels.
- Compliance function provides input on compliance issues, concerns and areas of focus, e.g. material changes in Conduct Profile of business areas, significant individual or Group-wide breaches or persistent cases of low level non-compliance with the Group policies.

In addition, the Finance function provides an update on the financial performance of the Group at each Committee meeting. It plays a key part in the year-end process by providing detailed performance data on each of the wholesale businesses and shares an independent affordability recommendation for aggregate pool funding.

Conflict of Interests

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") decisions for senior officers in the Risk Management, Compliance and Internal Audit Functions.

Nomura Remuneration Framework

TC is Nomura's core metric used as part of remuneration decision-making and serving as a primary point of reference and comparison with the prior year remuneration levels. It comprises the following elements which reflect local market standards and practices:

Remuneration Element	Characteristics	Example Elements
Fixed Remuneration	■ Non-discretionary. ■ Rewards individuals for their knowledge, skills, competencies, experience, role and responsibilities. ■ Levels sufficient to absorb changes in the amount of variable remuneration (including reduction to zero).	■ Base salary ■ Additional Fixed Pay
Variable Remuneration	■ Discretionary. ■ Rewards and incentivises financial and non-financial performance. ■ The approach to determining the total amount of variable remuneration is described under "Variable Remuneration Funding Determination" above. ■ For higher paid employees in the EMEA region, a portion of the variable remuneration may be deferred, balancing short-term with long-term interests of the Group. ■ Guaranteed variable remuneration is only used in exceptional circumstances and only in the first year of employment. It is given extremely rarely, and in compliance with local regulations. ■ 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.	■ 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.

Fixed to Variable Remuneration Ratio

The Group applied for shareholder approval on the extension of the ratio between the fixed and variable remuneration for MRTs to 1:2 in accordance with the procedure set out in the PRA Rulebook. The extended ratio was approved on 7 March 2014.

No award of variable remuneration paid to an MRT for 2020/21 fiscal year exceeded the agreed threshold.

Variable Remuneration Delivery

The variable remuneration at Nomura is delivered as follows:

Cash Bonus

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

For most of the Group employees, the cash portion size is dependent upon an individual's TC and overall bonus amount. At the lower TC and bonus levels, most or all of the variable remuneration is delivered in cash. As TC and bonus increase, the cash portion size is reduced in favour of deferred awards. This dependence is in line with regulatory requirements and market practice and is applied at Nomura globally, with specific local adjustments as required.

For MRTs, 50% of non-deferred bonus is delivered in Notional Stock Units ("NSUs") which is paid out 12 months from the initial award.

Deferred Remuneration

As described above, a portion of employees' variable remuneration may be deferred and delivered in NHI shares or equity-linked awards. The awards are deferred over a period of at least three years.

For the relevant MRT population, the deferral period may be longer than the three years, with the deferral portion of at least 40%, or 60% in cases of higher variable remuneration levels. MRT's deferred variable remuneration may be additionally subject to post-vesting holding periods.

By linking the awards' value to NHI's share price and imposing certain vesting periods and restrictions, the awards align employee interests with those of the shareholders, they increase employee retention and encourage cross-divisional and cross-regional collaboration by focusing on a common goal of the long-term increase in shareholder value.

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

Primary Deferral Plans

- RSU Plan

Each RSU delivers one share of NHI common stock. For 2020/21 awards, they are deferred over at least three years vesting in three equal annual instalments.

- NSU Plan

This is a phantom equity plan designed to replicate the key features of the RSU Plan described above. The NSU value is linked to the NHI stock price, and settled in cash on the vesting date.

NSUs are typically only awarded for the non-deferred bonus for MRTs or as replacement awards for new hires, but they may also 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.

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 at least 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 at least three years. 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 Capital Index ("MSCI"). Other material terms, including deferral period, vesting conditions and settlement, are the same as under the CSU plan.

Ex-post Risk Adjustments

Ex-post risk adjustments of variable remuneration are necessary to align risk and remuneration policy. They respond to specific crystallised risks or adverse performance outcomes including those relating to misconduct and include:

- Reducing in-year variable remuneration;
- Reducing or cancelling variable remuneration that have not yet vested (application of malus); and
- Recouping already vested/paid variable remuneration (application of clawback) up to 100%.

In order to apply an ex-post risk adjustment, evidence of misconduct or serious error (risk management failure or failure to meet appropriate standards of fitness and propriety) by the staff member is required. Every employee is made contractually aware of the existence of relevant risk adjustments along with the circumstances which allow for their application (see below).

Conduct and Risk Adjustment Process

Each quarter, staff members whose conduct has fallen below the Group's expectations are identified by the Control and Support Functions (Compliance, Human Resources, Risk Management, Audit, Finance and Information Technology) along with the Front Office Supervision team. The identified behaviour is then reviewed by the Conduct Breach Review Committee.

Cases considered as material are escalated to the Executive Remuneration Review Forum ("ERRF") at year-end in order to determine whether an in-year compensation adjustment is appropriate. ERRF comprises NEHS CEO, Vice Chairman and Head of Human Resources. Its meetings are also attended by the Chief Financial and Administrative Officer, Chief Risk Officer, Head of Legal, Compliance and Controls, Head of Compliance and Head of Compensation.

Where an in-year adjustment is considered appropriate, the year-end adjusted compensation proposals are reviewed by the NEHS CEO and ultimately recommended for Board's approval by the Committee. If appropriate, at the further stages of the review also the exercise of malus and clawback may be considered.

Malus Triggers

For all staff, including staff identified as MRTs, unvested or unpaid variable remuneration may be reduced by up to 100% in any of the following circumstances:

- 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 employee materially violates one of NHI's or of any NHI-related entity's written policies;
- The employee causes or has caused material detriment to the business or reputation of NHI or of any related entity;
- NHI or any related entity suffers a material downturn in performance;
- NHI or any related entity suffers a material failure of risk management
- The relevant NHI-related entity, business unit, profit centre or team in which the employee 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 employee works or has worked, has suffered a material downturn in its financial performance;
- The relevant business unit, profit centre or team in which the employee works or has worked has suffered improper or inadequate risk management;
- The employee's conduct or performance has been in breach of any laws, rules or codes of conduct or the employee is accountable for any material error;
- Delivering all outstanding deferred compensation awards would not be sustainable according to the financial situation of the NHI or any related entity;
- The employee's conduct failed to meet the appropriate standards of fitness and propriety;
- The employee failed to raise concerns in relation to improper or inadequate risk management issues that were known to the employee;
- The employee 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 employee's role or seniority the employee could be deemed directly or indirectly 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 NHI or any related entity, business unit, profit centre or team in which the employee works or has worked;
- There has been an error or a misstatement which has resulted in a material overpayment to the employee.

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.

Clawback Triggers

For MRTs, up to 100% of all vested and/or paid variable remuneration is subject to clawback which applies for a period of up to seven years (extendable to ten years for certain Senior Management Function holders) after the grant of the award. The Group shall be entitled to apply clawback in any of the following circumstances:

- 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;
- The Group, NHI or the business unit in which the employee works or have worked has suffered improper or inadequate risk management;
- 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;
- 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;
- The Group considers that the employee caused material detriment to the business or reputation of the Group or NHI whilst being an employee of the Group;
- 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.

Additional Considerations

Additional factors to be considered when determining the applicability and size of the relevant adjustment include, but shall not be limited to, the proximity of the employee to the breach and their responsibility in respect of the circumstances set out above.

The recommendations on the application of the ex-post risk adjustments and their appropriateness are made at the executive level. The Committee reviews these recommendations and shares them with the Board for approval.

Quantitative Disclosures

The tables below show the aggregated breakdown of remuneration for the fiscal year ended 31st March 2021 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	21	340	**361**
	Total fixed remuneration ($m)	22.12	147.09	**169.20**
	Of which: cash-based ($m)	22.12	147.09	**169.20**
	Of which: deferred ($m)	0.00	0.00	**0.00**
	Of which: shares or share-linked instruments ($m)	0.00	0.00	**0.00**
	Of which: deferred ($m)	0.00	0.00	**0.00**
Variable	Total variable remuneration ($m)	18.83	146.11	**164.94**
	Of which: cash-based ($m)	4.46	38.92	**43.38**
	Of which: deferred ($m)	0.00	0.00	**0.00**
	Of which: shares or share-linked instruments ($m)	14.37	107.19	**121.56**
	Of which: deferred ($m)	10.62	73.07	**83.69**
Total Remuneration ($m)		**40.95**	**29.19**	**334.14**

REM2 Special Payments	Senior Management	Other staff	Total
Guaranteed variable remuneration – number of staff	0	3	**3**
Guaranteed variable awards ($m) – total amount	0.00	2.52	**2.52**
Severance[7] payments awarded during the financial year – number of staff	1	13	**14**
Severance payments awarded during the financial year ($m) – total amount	0.83	4.35	**5.18**
Of which paid during the financial year	0.83	4.35	**5.18**
Of which deferred	0	0	**0.00**
Of which highest payment that has been awarded to a single person ($m)	0.83	1.04	**1.04**

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 ($m)	18.19	6.38	3.79	45.78
Of which total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment ($m)	18.19	6.38	3.79	45.78
Total amount of amendment during the year due to ex post explicit adjustments ($m)	0.00	0.00	0.00	0.00
Total amount of amendment during the year due to ex post implicit adjustments ($m)	4.16	1.25	0.54	8.46
Total amount of deferred remuneration paid out in the financial year ($m)	3.12	2.97	3.19	21.55

REM4[8] EUR	Identified staff that are high earners as set out in Article 450(i)
1 000 000 to below 1 500 000	42
1 500 000 to below 2 000 000	17
2 000 000 to below 2 500 000	6
2 500 000 to below 3 000 000	2
3 000 000 to below 3 500 000	2
3 500 000 to below 4 000 000	0
more than 4 000 000	5

*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 2021*
4. *Awards outstanding at 31st March 2021 have been valued based on deferred vehicle prices as at 31st March 2021*
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 0.81799)*

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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 2021 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 97
		Operatonal Risk	Page 103-104
		Model Risk	Page 104
		Business Risk	Page 104
	NHI 20-F	Stress testing (Market Risk)	Page 128
		Stress testing (Credit Risk)	Page 130
		Stress Testing	Page 135
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 Limtis	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 46 (K)
		Credit Limtis (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 97
		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

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 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 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 Cross Asset Momentum UCITS Fund	✓	
Novus Capital Plc, Series 2012-23 and 2017-44	✓	
Nomura Global High Yield Dynamic Duration UCITS Fund	✓	
Sylph Ltd Series 1012,1014,1686,1687,1738,1811,1855,1881,2001,1922	✓	
Titanium Secured Obligations DAC	✓	
Bailey Repackaging Trust	✓	✓
Taku II 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	3,250	2	0	261	0	261	23.03%	-
United Kingdom	2,527	16	206	179	3	182	16.09%	-
United States	1,440	11	21	114	3	117	10.37%	-
Luxembourg	1,176	0	21	99	1	100	8.85%	0.50%
Netherlands	884	5	32	68	2	70	6.22%	-
France	843	4	119	61	2	64	5.61%	-
Taiwan	520	4	0	40	0	40	3.53%	-
Ireland	476	3	6	38	0	39	3.41%	-
Japan	404	21	0	28	2	30	2.62%	-
Germany	389	4	29	31	2	34	2.96%	-
Spain	224	2	13	18	0	18	1.61%	-
Denmark	201	0	3	14	0	14	1.22%	-
British Virgin Islands	182	3	-	15	0	15	1.31%	-
Singapore	162	6	0	13	1	14	1.20%	-
Guernsey	155	0	-	12	0	12	1.10%	-
Canada	149	0	0	12	0	12	1.10%	-
Bermuda	143	2	-	11	0	12	1.02%	-
Sweden	119	0	10	13	1	14	1.24%	-
Hong Kong	111	11	0	9	1	10	0.89%	1.00%
Czech Republic	17	0	7	1	0	1	0.12%	0.50%
Norway	0	0	2	0	0	0	0.00%	1.00%
Others	1,021	56	39	69	5	74	6.52%	-
Total	**14,394**	**150**	**508**	**1,107**	**26**	**1,133**	**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	4	20	50	100	150	Total	of which unrated
Central Governments or Central Banks	3,981	-	-	898	7	19	-	4,905	2,250
Corporates	-	-	-	79	1,204	10,643	358	12,283	10,182
Institutions	0	6,708	227	13,950	3,564	233	28	24,710	14,027
Multilateral Development Banks	142	-	-	21	-	-	-	163	4
Public sector entities	2,008	-	-	1,564	8	55	-	3,635	1,456
Regional governments or local authorities	45	-	-	29	-	0	-	73	8
International Organisations	0	-	-	-	-	-	-	0	0
Equity Exposures	-	-	-	-	-	-	-	-	-
Other Items	-	-	-	-	-	-	-	-	-
Total	**6,176**	**6,708**	**227**	**16,541**	**4,783**	**10,949**	**386**	**45,770**	**27,927**

There has been an overall increase in Counterparty Credit risk exposure primarily driven 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	49,653	(39,877)	26,267	13,146	13,121
Total	**49,653**	**(39,877)**	**26,267**	**13,146**	**13,121**

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

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

	Collateral used in derivative transactions				Collateral used in SFTs	
$m	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Security	266	1,300	2,291	1,143	204,756	189,236
Cash	11	25,423	-	15,422	144,348	149,847
Total	**277**	**26,724**	**2,291**	**16,565**	**349,104**	**339,083**

Table includes collateral used in internal model method

CCR6: Credit Derivative Exposures

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

$m	The Group		
	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notionals			
Single-name credit default swaps	61,239	60,710	-
Index credit default swaps	121,316	120,351	-
Total return swaps	290	290	-
Credit options	-	-	-
Other credit derivatives	15,172	15,198	-
Total notionals	**198,017**	**196,549**	**-**
Fair values			
Positive fair value (asset)	**922**	**4,828**	-
Negative fair value (liability)	**(4,767)**	**(1,011)**	-

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

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

$m	The Group						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
Central Governments or Central Banks	-	5,052	-	-	-	-	5,052
Corporates	-	3,678	-	-	-	-	3,678
Institutions	-	3,078	-	-	-	-	3,078
Multilateral Development Banks	-	0	-	-	-	-	0
Public sector entities	-	1	-	-	-	-	1
Regional governments or local authorities	-	0	-	-	-	-	0
Equity Exposures	-	23	-	-	-	-	23
Other items	-	167	-	-	-	-	167
Exposures in default	34	-	-	-	-	-	34
Total SA approach	**34**	**11,999**	**-**	**-**	**-**	**-**	**12,034**
Total	**34**	**11,999**	**-**	**-**	**-**	**-**	**12,034**
of which: Loans	34	336	-	-	-	-	370
of which: Debt Securities	-	721	-	-	-	-	721
of which: Off-balance sheet exposures	-	2,695	-	-	-	-	2,695

$m	NIP						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
	Defaulted	Non-Defaulted					
Central Governments or Central Banks	-	2,875	-	-	-	-	2,875
Corporates	-	2,069	-	-	-	-	2,069
Institutions	-	3,375	-	-	-	-	3,375
Multilateral Development Banks	-	0	-	-	-	-	0
Public sector entities	-	1	-	-	-	-	1
Regional governments or local authorities	-	0	-	-	-	-	0
Equity Exposures	-	36	-	-	-	-	36
Other items	-	129	-	-	-	-	129
Exposures in default	34	-	-	-	-	-	34
Total SA approach	**34**	**8,485**	**-**	**-**	**-**	**-**	**8,520**
Total	**34**	**8,485**	**-**	**-**	**-**	**-**	**8,520**
of which: Loans	34	327	-	-	-	-	361
of which: Debt Securities	-	11	-	-	-	-	11
of which: Off-balance sheet exposures	-	2,246	-	-	-	-	2,246

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	5,026	0	3	2	20	-	-	**5,052**	1,697
Corporates	-	14	298	1,431	144	-	-	**1,887**	1,278
Institutions	-	2,774	224	3	-	-	-	**3,002**	248
Multilateral Development Banks	-	-	-	-	-	-	-	**-**	-
Public Sector Entities	-	0	1	-	-	-	-	**1**	1
Regional governments or Local Authorities	-	-	-	0	-	-	-	**0**	-
Equity Exposures	-	-	-	23	-	-	-	**23**	23
Other Items	0	-	-	167	-	-	-	**167**	167
Exposures in default	-	-	-	-	34	-	-	**34**	34
Total	**5,026**	**2,789**	**527**	**1,626**	**199**	**-**	**-**	**10,167**	**3,449**

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	5,052	-	5,052	-	34	**0.7%**
Corporates	1,135	2,543	1,135	753	1,799	**95.3%**
Institutions	2,926	152	2,926	76	670	**22.3%**
Multilateral Development Banks	0	-	0	-	-	**0.0%**
Public Sector Entities	1	-	1	-	1	**49.2%**
Regional governments or Local Authorities	0	-	0	-	0	**100.0%**
Equity Exposures	23	-	23	-	23	**100.0%**
Other items	167	-	167	-	167	**100.0%**
Exposures in default	34	-	34	-	52	**150.0%**
Total	**9,338**	**2,695**	**9,338**	**829**	**2,746**	**27%**

	NIP					
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
$m	On B/S	Off B/S	On B/S	Off B/S	Total On & Off B/S RWA	RWA density[1]
Central Governments or Central Banks	2,875	-	2,875	-	34	**1.2%**
Corporates	855	1,213	857	733	1,508	**94.9%**
Institutions	2,342	1,033	2,342	516	501	**17.5%**
Multilateral Development Banks	0	-	0	-	-	**0.0%**
Public Sector Entities	1	-	1	-	1	**49.2%**
Regional governments or Local Authorities	0	-	0	-	0	**100.0%**
Equity Exposures	36	-	36	-	36	**100.0%**
Other items	129	-	129	-	129	**100.0%**
Exposures in default	34	-	34	-	52	**150.0%**
Total	**6,273**	**2,246**	**6,275**	**1,249**	**2,260**	**30%**

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	21	-	349	-	-
Total Debt Securities	721	-	-	-	-
Total Exposures	**742**	**-**	**349**	**-**	**-**

	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	18	-	343	-	-
Total Debt Securities	11	-	-	-	-
Total Exposures	**29**	**-**	**343**	**-**	**-**

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	28	**-**
Increases due to amounts set aside for estimated loan losses during the period	2	-
Decreases due to amounts reversed for estimated loan losses during the period	(30)	-
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	-	-
Closing balance	-	**-**
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	28	**-**
Increases due to amounts set aside for estimated loan losses during the period	2	-
Decreases due to amounts reversed for estimated loan losses during the period	(30)	-
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	-	-
Closing balance	-	**-**
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 template CQ9 "Collateral obtained by taking possession and execution process" is not applicable as the Group has no collateral taken into possession that is recognised on the balance sheet as at 31st March, 2021.

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 1: Credit quality of forborne exposures

$m	The Group							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Loans and advances	-	9	9	9	-	-	-	-
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-
Non-financial corporations	-	9	9	9	-	-	-	-
Households	-	-	-	-	-	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	-	-	-	-	-	-	-	-

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

$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
Loans and advances	106,119	106,098	21	34	25	-	9	-	-	-	-	34
Central banks	4,553	4,553	-	-	-	-	-	-	-	-	-	-
General governments	2,201	2,201	-	-	-	-	-	-	-	-	-	-
Credit institutions	21,577	21,577	0	-	-	-	-	-	-	-	-	-
Other financial corporations	76,751	76,731	21	-	-	-	-	-	-	-	-	-
Non-financial corporations	1,036	1,035	0	34	25	-	9	-	-	-	-	34
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
Households	1	1	-	-	-	-	-	-	-	-	-	-
Debt securities	710	710	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	544	544	-	-	-	-	-	-	-	-	-	-
Credit institutions	35	35	-	-	-	-	-	-	-	-	-	-
Other financial corporations	68	68	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	63	63	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	932			-								-
Central banks	-			-								-
General governments	-			-								-
Credit institutions	-			-								-
Other financial corporations	382			-								-
Non-financial corporations	550			-								-
Households	-			-								-
Total	**107,761**	**106,808**	**21**	**34**	**25**	**-**	**9**	**-**	**-**	**-**	**-**	**34**

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

$m	The Group														
	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	106,119	25,146	24	34	25	9	(2)	-	(1)	(1)	(1)	-	-	82,237	25
Central banks	4,553	4,466	-	-	-	-	-	-	-	-	-	-	-	88	-
General governments	2,201	130	-	-	-	-	-	-	-	-	-	-	-	2,071	-
Credit institutions	21,577	6,464	-	-	-	-	(0)	(0)	-	-	-	-	-	15,235	-
Other financial corporations	76,751	13,940	10	-	-	-	(1)	(0)	(0)	-	-	-	-	64,362	-
Non-financial corporations	1,036	145	14	34	25	9	(1)	(0)	(1)	(1)	(1)	-	-	481	25
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	544	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	35	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	68	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	63	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

$m	The Group														
	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	932	873	59	-	-	-	(1)	(1)	-	-	-	-		-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Other financial corporations	382	372	10	-	-	-	(0)	(0)	-	-	-	-		-	-
Non-financial corporations	550	501	49	-	-	-	(1)	(1)	(0)	-	-	-		-	-
Households	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Total	**107,761**	**26,019**	**83**	**34**	**25**	**9**	**(3)**	**(1)**	**(1)**	**(1)**	**(1)**	**-**	**-**	**82,237**	**25**

Template 5: Quality of non-performing exposures by geography

$m	The Group						
	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	**106,864**	**34**	**34**	**25,203**	**(4)**		**-**
Region - EMEA	32,470	34	34	12,506	(4)		-
France	8,820	-	-	827	(1)		-
United Kingdom	7,929	34	34	5,756	(1)		-
Denmark	2,957	-	-	83	(0)		-
Germany	2,320	-	-	1,951	(0)		-
Luxembourg	1,632	-	-	1,040	(0)		-
Turkey	1,113	-	-	160	-		-
Spain	836	-	-	118	-		-
Netherlands	610	-	-	501	(1)		-
Switzerland	817	-	-	718	-		-
Other countries	5,436	-	-	1,352	(1)		-
Region - Americas	28,133	-	-	4,585	-		-
Cayman Islands	14,534	-	-	1,702	(0)		-
United States of America	11,633	-	-	2,526	(0)		-
British Virgin Islands	1,025	-	-	32	-		-
Bermuda	384	-	-	104	-		-
Other countries	557	-	-	221	-		-
Region - Asia Pacific	46,261	-	-	8,112	-		-
Japan	40,896	-	-	6,464	-		-
Hong Kong	2,317	-	-	323	-		-
Singapore	1,651	-	-	870	-		-
India	460	-	-	1	-		-
Other countries	937	-	-	454	-		-

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

$m	The Group							
	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					
Off-balance-sheet exposures	**933**	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**
Region - EMEA	913	-	-			(1)		
France	418	-	-			(0)		
United Kingdom	309	-	-			(0)		
Luxembourg	79	-	-			(0)		
Netherlands	41	-	-			(0)		
Other countries	66	-	-			(1)		
Region - Americas	20	-	-			-		
Cayman Islands	15	-	-			(0)		
United States of America	5	-	-			(0)		
Total	107,797	34	34	25,203	(4)	(1)	-	

Template 6: Credit quality of loans and advances by industry

$m	The Group					
	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	-	-	-	-	-	-
Mining and quarrying	-	-	-	-	-	-
Manufacturing	23	-	-	22	(1)	-
Electricity, gas, steam and air conditioning supply	22	-	-	0	-	-
Water supply	3	-	-	0	-	-
Construction	-	-	-	-	-	-
Wholesale and retail trade	12	-	-	1	-	-
Transport and storage	127	-	-	0	-	-
Accommodation and food service activities	34	34	34	34	(1)	-
Information and communication	10	-	-	10	(0)	-
Financial and insurance actvities	-	-	-	-	-	-
Real estate activities	122	-	-	122	(0)	-
Professional, scientific and technical activities	27	-	-	0	-	-
Administrative and support service activities	684	-	-	0	(0)	-
Public administration and defense, compulsory social security	1	-	-	1	-	-
Education	-	-	-	-	-	-
Human health services and social work activities	3	-	-	3	-	-
Arts, entertainment and recreation	1	-	-	0	-	-
Other services	-	-	-	-	-	-
Total	**1,070**	**34**	**34**	**193**	**(2)**	**-**

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: 85-91, 97
435	1(d)	Hedging and mitigating risk – policies and processes		AR: 85, 91-92
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: 4-5 P3: 4-5
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: 6

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435	2(b)	Recruitment policy for selection of Board members, their actual knowledge, skills and expertise.	Section "Remuneration Disclosures"	P3: 39-45
435	2(c)	Policy on diversity of Board membership and results against targets.		
435	2(d)	Disclosure of whether a dedicated risk committee is in place and number of meeting in the year.	Sub-section "Risk Management Committees"	P3: 4
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, 53
436	b(i)	Fully consolidated;		
436	b(ii)	Proportionally consolidated;		
436	b(iii)	Deducted from own funds;		
436	b(iv)	Neither consolidated nor deducted.		
436	c	Impediments to transfer of own funds between parent and subsidiaries.		
436	d	Capital shortfalls in any subsidiaries outside the scope of consolidation.	Sub-section "Pillar 2A and ICAAP"	P3: 16
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: 7-11
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: 48-52
437	1(c)	The full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;		
437	1(d)	Separate disclosure of the nature and amounts of the following:	See below	
437	1(d)(i)	Each prudential filter applied pursuant to Articles 32 to 35;	Section "Own Funds Disclosures"	P3: 7
437	1(d)(ii)	Each deduction made pursuant to Articles 36, 56 and 66;		
437	1(d)(iii)	Items not deducted in accordance with Articles 47, 48, 56, 66 and 79;		
437	1(e)	A description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;		
437	1(f)	Where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than prescribed	Not applicable - The Group does not calculate capital ratios on a basis other than prescribed	

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Capital requirements				
438	a	Summary of institution's approach to assessing adequacy of capital levels	Sub-section "Pillar 2A and ICAAP"	P3: 16
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: 18, 55
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: 15, 24-25
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: 15
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.	Refer NIP's Annual Report	AR: 92
439	c	Discussion of management of wrong-way risk exposures.	Refer NIP's Annual Report	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: 18
439	e	Derivation of net derivative credit exposure.	"Impact of Netting and Collateral Held on Exposures" table	P3: 55
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: 18
439	g	Notional value of credit derivative hedges and current credit exposure by type of exposure.	"Credit Derivative Exposures" table	P3: 56
439	h	Notional amounts of credit derivative transactions.	"Credit Derivative Exposures" table	P3: 56
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: 54
440	1(b)	Amount of the institution specific countercyclical capital buffer.	"Countercyclical Capital Buffer" table	P3: 16

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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: 38-42
442	b	Approaches for calculating specific and general credit risk adjustments.	Refer NIP's Annual Report	AR: 38-42
442	c	Disclosure of pre-CRM EAD by exposure class	"Total and Average Amount of Credit Risk Exposures" table	P3: 19
442	d	Disclosure of pre-CRM EAD by geography and exposure class	"Credit Risk Exposures by Region and Country" tables	P3: 21
442	e	Disclosure of pre-CRM EAD by industry and exposure class	"Concentration of Exposures by Industry and Counterparty Type" tables	P3: 19-20
442	f	Disclosure of pre-CRM EAD by residual maturity and exposure class	"Credit Risk Exposures by Maturity" table	P3: 22
442	g	Breakdown by industry or counterparty type:	"Changes in Stock of General and Specific Credit Risk" tables	P3: 59
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: 37-38
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"	P3: 17, 55, 57
444	b	Exposure classes associated with each ECAI.		
444	c	Description of the process used to transfer credit assessments to non-trading book items.	"Counterparty Risk Exposures by Risk Weight" table	
444	d	Mapping of external rating to CQS.	"Credit Risk Exposure by Risk Weight" table	
444	e	Exposure value by CQS.		

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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: 15, 24-25
Operational risk				
446		Scope of approaches used to calculate operational risk.	Section "Operational Risk"	P3: 23
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: 17
447	b	The balance sheet value, the fair value and, for those exchange-traded, a comparison to the market price where it is materially different from the fair value.		
447	c	The types, nature and amounts of exchange-traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures.		
447	d	Realised gains or losses arising from sales and liquidations in the period.		
447	se	Total unrealised gains or losses, the total latent revaluation gains or losses, and any of these amounts included in the original or additional own funds.		
Exposure to interest rate risk on positions not included in the trading book				
448	a	Nature of the interest rate risk and the key assumptions, and frequency of measurement of the interest rate risk.	Sub-section "Sensitivity of the Banking Book to Changes in Interest Rates"	P3: 29
448	b	Variation in earnings, economic value or other relevant measure used by the bank for upward and downward rate shocks according to the bank's method for measuring the interest rate risk, broken down by currency.		
Exposure to securitisation positions				
449		Disclosures on securitisation positions	Sub-section "Securitisations"	P3: 29
Remuneration disclosure				
450		Remuneration disclosures of material risk takers	Section "Remuneration Disclosures"	P3: 39-45
Leverage				
451	1	Disclose the following:		
451	1(a)	Leverage ratio	"Leverage Ratio Common Disclosure" table	P3: 31
451	1(b)	Breakdown and reconciliation of total exposure	"Leverage Reconciliation of Account Assets and Leverage Ratio Exposure" table	P3: 32
451	1(c)	Derecognised fiduciary items	"Leverage Ratio Common Disclosure" table	P3: 31
451	1(d)	Description of the processes used to manage the risk of excessive leverage,	Section "Leverage Ratio"	P3: 30-32
451	1(e)	Factors that impacted the leverage ratio during the year.		

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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.		AR: 46-47
453	b	How collateral valuation is managed.		AR: 46-47
453	c	Description of types of collateral used by the institution		AR: 46-47
453	d	Main types of guarantor, credit derivative counterparty and creditworthiness.	Refer NIP's Annual Report	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: 55, 58
453	g	Exposures covered by guarantees or credit derivatives.	"Credit Risk Mitigation Techniques" table	P3: 59
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.		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.	Refer NIP's Annual Report	AR: 89
455	a(iv)	Methodology for back-testing and validating the models.		AR: 87-88
455	b	Scope of permission for use of the models.		P3: 5
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: 29, 5
455	d (i-iii)	High/Low/Mean values over the year of VaR, SVaR and IRC	"Review of Market Risk Regulatory Measures" table	P3: 26
455	e	The elements of the own fund calculation.	"Market Risk" tables	P3: 24-25
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: 27-28