# Nomura Europe Holdings plc Group

## Annual Pillar 3 Disclosures
## 31st March 2023

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# Introduction

## Background

Nomura Europe Holdings plc ("NEHS") is a Prudential Regulation Authority ("PRA") approved parent financial holding company. NEHS along with its subsidiaries form the NEHS Group (the "Group"). The Group is subject to regulation on a consolidated basis. The regulatory consolidation is produced in accordance with the UK's regulations as set out in the onshored Capital Requirements Regulation ("CRR") and PRA Rules and standards. These requirements are largely based on the Basel Committee's final capital framework for strengthening international capital standards ("Basel III").

## Scope of Application

The Pillar 3 disclosures as at 31st March 2023 are prepared on the basis of the consolidated situation of the Group. In addition, Nomura International Plc ("NIP") is reported as a large non-listed subsidiary within the Group. NIP is authorised by the PRA and regulated by the PRA and the FCA.

Other regulated subsidiaries included in the Group are Nomura Bank International Plc ("NBI"), Nomura Financial Products Europe GmbH ("NFPE"), Nomura Bank Luxembourg S.A.("NBL"), Banque Nomura France S.A. ("BNF"), Nomura Alternative Investment Management France S.A.S and Nomura Bank Switzerland Ltd. They are not considered to be large subsidiaries as at 31st March 2023 and are therefore not disclosed in this document.

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

## 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 includes certain entities which have been consolidated using the equity method while full consolidation has been applied for accounting consolidation under UK GAAP. Refer to template UK LI3 for further details.

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 3 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 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.

## 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 Part 8 of the CRR and associated PRA supervisory rules and regulatory standards. A table has been included in Appendix 1 summarising the relevant articles and associated disclosures.

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 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. Any historic comparatives presented in the disclosure are calculated according to the regulation in force at the relevant date.

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.

## Management Responsibility Statement

I confirm that I have taken reasonable steps to ensure that the information included in this disclosure complies to the best of my knowledge with the CRR disclosure requirements and has been prepared in accordance with relevant formal policies and internal processes, systems and controls of the Group.

Stephen Fuggle

CFO Nomura Europe Holdings plc

## Regulation and Regulatory Changes

### Regulations

During the year, the Directors of NIP have noted, amongst other items, the following key Regulatory updates and confirm the establishment of regulatory programs as appropriate to ensure compliance:

- On 14 October 2021 the PRA published final rules on implementation of Basel standards in PS22/21 with respect to key developments including the introduction of a binding minimum net stable funding ratio, changes to the capital requirements for counterparty credit risk of derivatives and a tightening of large exposures limits. These were implemented with effect from 1 January 2022 with related reporting and disclosure changes becoming effective from the first quarterly reporting reference date of 31 March 2022. Additionally the PRA also published PS21/21 on the UK leverage framework to introduce an updated exposure calculation effective from 1 January 2022 and for firms with at least £10bn of non-UK assets a binding minimum leverage ratio which became effective from 1 January 2023. The Board of the Company early adopted their Leverage Risk Appetite from 1 January 2022. On 30 November 2022 the PRA published CP16/22 as a consultation on the implementation of the final Basel 3.1 reforms in the UK. These proposals primarily include amendments to the capital requirements for credit risk, market risk, CVA risk, operational risk and the introduction of output floors for modelled exposures alongside changes to the related reporting and disclosure requirements. The changes are expected to become effective on 1 January 2025. The firm has a regulatory change program which will be 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 requires 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. NIP registered as a security based swap dealer with the SEC on 1st November 2021. The SEC and CFTC granted substituted compliance to recognise the local UK regulations as being sufficient to satisfy the relevant requirements under the US regime. NIP has elected to rely on certain aspects of substituted compliance in areas including capital and margin, reporting and record keeping.
- 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 Company was in full compliance with the final end-state MREL rules from 1 January 2022.
- In July 2019, the BOE and U.K. PRA published a policy statement on the Resolvability Assessment Framework ("RAF"). The RAF sets out eight barriers to resolvability bringing 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. As a result of this policy, NIP has taken active steps since 2019 to ensure it has limited any barriers to resolution across the overarching pillars for resolvability through ensuring (1) NIP has adequate resources and appropriate liquidity to meet its obligations during resolution, (2) NIP is able to facilitate a smooth resolution by guaranteeing business services and operational process can continue to run and (3) the firm has clear oversight and governance available during 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 February 24, 2023 the UK FCA and BoE issued a joint policy statement setting out changes to reporting requirements, procedures for data quality and registration of Trade Repositories under UK EMIR. The policy statement, also known as the UK EMIR REFIT, sets out the final amendments to technical standards and new rules for Trade Repositories in relation to the derivatives reporting framework under the UK EMIR. The requirements will come into effect on September 30, 2024, except for certain amendments which relate to the format and details of applications for registration of trade repositories, which come into force immediately.

  The Company has initiated a project to enhance its post trade reporting systems to facilitate compliance with UK EMIR REFIT reporting regime.

  On December 15, 2022, the FCA and the PRA also published a policy statement on the UK EMIR margin requirements for non-centrally cleared derivatives. The Policy Statement makes amendments to the binding technical standards which supplement UK EMIR, namely by updating the list of eligible collateral to include funds from all third-countries that meet a set of principles and that only invest in otherwise eligible government securities and cash and by extending the transition provision for European Economic Area undertakings for collective investment in transferable securities by three months, i.e. until March 31, 2023.
- On November 28, 2022, ESMA published a Final Report on the review of the RTS on the form and content of applications for recognition by non-EU benchmark administrators, and a consultation (closed on January 30,2023) on amendments to the RTS on the information that EU benchmark administrators need to provide in applications for authorisation and registration. The proposals in the consultation aim to safeguard equal treatment between EU and non-EU Benchmarks administrators by aligning the information requested in applications from EU administrators with the information requested in recognition applications from non-EU administrators.

  The EU BMR rules are currently suspended to allow EU supervised entities to continue to use non-EU benchmarks until December 31, 2023. On November 8, 2022, the EU Commission published an initiative to extend this suspension until December 31, 2025. The adoption of this extension is expected in Q2 2023.

  Under the BMR, when non-EU benchmark administrators apply for recognition in the EU, ESMA must first establish an MoU with the relevant authority. This extension should, therefore, not impact UK-based Benchmark Administrators considering that ESMA and the UK FCA signed a Memorandum of Understanding ("MoU") in January 25, 2023 which allows ESMA to recognize benchmark administrators from the UK.

- On March 1, 2023 the EU Commission launched a call for evidence (open until March 29, 2023) to aid its review of the scope and third country regime of the EU BMR. The EU BMR contains rules on the use of non-EU benchmarks, which will apply from January 1, 2024. Under the rules, non-EU benchmarks can be used in the EU only if they comply with rules comparable to the BMR. However, very few jurisdictions have regulated benchmarks as extensively as the EU. Therefore, when the new rules on the use of non-EU benchmarks come into force, it would deprive firms in the EU of access to the majority of the world's benchmarks.
- 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 made the transition from GBP LIBOR, Yen LIBOR and CHF LIBOR to alternative risk free rates by the end of December 2021. More details on the NIP's IBOR exposure, and the approach to risk management of the IBOR transition can be found in Note 29 of the NIP Annual Report.
- On December 9, 2022 the UK Government outlined the Financial Services Package designed to drive growth and competitiveness in the UK financial services sector (the Edinburgh Reforms). The Package, consisting of 30 measures (and divided into four categories: a competitive marketplace promoting effective use of capital; sustainable finance; technology and innovation; and consumers and business), is intended to complement the Financial Services and Markets Bill 2023-23. The Bill provides the UK Government with significant powers to overhaul regulatory policy and rules post-Brexit. Among other things, it includes changes to MiFID research unbundling rules, UK consolidated tape, post-trade / T+1 settlement, reforms to Senior Managers and Certification Regime, repeal and replacement of certain EU legislation by tranches (including the Wholesale Market Review which amends the UK MiFID Framework).

  NIP is monitoring these developments and will implement any changes as relevant when the final rules are published.
- In the UK, on 23 June 2020, the Government confirmed that it will not implement the Central Securities Depositories Regulation ("CSDR") Settlement Discipline Regime. UK firms will continue to apply the existing industry-led framework. On 8 February 2022, the EU Commission confirmed an extension of its equivalence determination for UK Central Counterparties ("CCPs"). The decision means that EEA clearing members will be able to continue clearing through recognised UK CCPs until 30 June 2025. At the same time, the EU Commission launched a targeted public consultation and a call for evidence on ways to expand central clearing activities in the EU and improve the attractiveness of EU CCPs in order to reduce the EU's over reliance on systemic third-country CCPs.
- The declared intention of the EU is to relocate Euro derivatives clearing from London to the EU, however as the Company is a member of Eurex Exchange, it is positioned to avoid trade disruption in the event of mandated relocation. The Company is monitoring these developments.
- In response to heightened global focus on the issues of climate change, and a growing demand for standards associated with Environmental, Social and Governance ("ESG") factors and reporting, a number of global regulatory initiatives are being developed. These regulations cover both prudential frameworks including assessment and management of climate risks associated with Nomura businesses, such as the PRA SS3/19 regulations; and also labelling, disclosure and reporting regulations which includes, but is not limited to, the EU Taxonomy Regulation, the EU Sustainable Finance Disclosure Regulation, the EU Corporate Sustainability Reporting Directive and the proposed Sustainable Corporate Due Diligence Directive. The latter was published in the EU Official Journal on 16 December 2022.

  On 23 February 2022 the EU Commission adopted a proposal for a Directive on corporate sustainability due diligence. The aim of this Directive is to foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies' operations and corporate governance. The new rules will ensure that businesses address adverse impacts of their actions, including in their value chains inside and outside Europe.

  The UK have introduced new mandatory Climate-related Financial Disclosure requirements under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. These rules are effective for financial years starting on or after 6th April 2022 and introduce mandatory disclosures consistent with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Whilst the requirements are applicable to the Company from 1 April 2023, certain disclosures have been made on a voluntary basis and can be found on in the Strategic Report on page 11-18.

  At COP26, the UK government announced the creation of the Transition Plan Taskforce ("TPT"), as part of its plans to become the world's first net zero financial centre. The TPT has a two year mandate to develop a disclosure framework and implementation guidance for transition plans and has issued a framework, implementation guidance and technical annex for consultation which closed in February 2023.

  The sector-neutral framework proposes high quality disclosures for transition plans and builds on the work of the International Sustainability Standards Board (ISSB), the Taskforce for Climate-Related Financial Disclosures (TCFD) and the Glasgow Financial Alliance for Net Zero.

  The FCA published a consultation paper (now closed) on the sustainability disclosure requirements (SDR) regime and accompanying investment labels and is a key part of delivering the UK government's roadmap to sustainable investing. Among other things, it introduces restrictions on how certain sustainability-related terms, such as ESG, green or sustainable, can be used in product names and marketing for products which do not qualify for the sustainable investment labels and introduces sustainable investment product labels with three categories underpinned by objective criteria. The SDR rules will also include a general anti-greenwashing provision that is expected to apply from 30 June 2023. The proposals build on the ISSB Reporting Standards on Sustainability. The consultation response is expected to be published in Quarter 3, 2023.

## Business Environment

The major central banks of the world, including the US Federal Reserve Board (US Fed), swiftly tightened monetary policy to address this accelerated and increasingly protracted inflation. Government bond yields rose in major developed economies on expectations for further inflation and monetary tightening measures.

In addition, stock markets in major developed economies underwent corrections as the steep rise in market interest rates depressed valuations and as concerns grew that monetary policy tightening would blunt economic growth, creating highly volatile and uncertain markets.

In the second half of the fiscal year, inflation showed signs of levelling off in the major developed economies, and expectations for the US Fed to end its rate hikes led to a rally in stock markets. However, inflation has remained persistent with central banks continuing to increase interest rates.

In Investment Banking, client activity was lower than the previous fiscal year due to increased caution among clients in light of geopolitical risks and uncertainty in the market environment. As a result, Investment Banking earnings declined for the full year. However, the business continues to engage closely with clients and, along with Solutions business, look to support in hedging and managing risk.

In Global Markets, the Company continued to reinforce its core strengths across regions, providing uninterrupted service and liquidity to clients as they rebalanced and hedged their portfolios in highly volatile and uncertain markets.

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 divisions and regions.

### Russia and Ukraine war

Since Russia's invasion of Ukraine in February 2022, the Company has been actively monitoring the impact of the conflict on the Ukraine and Russian economies, as well as on other financial markets. As of March 31, 2023, the total direct exposure of the Company to Ukraine and Russia continued to not be significant.

## Risk Management

The Group's activities involve the assumption and transfer of certain risks, including market risk, credit risk, climate risk, operational risk, cross-border risk, model risk, liquidity and funding risks, and strategic 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 the Group's Executive Governance and through sub-committees of the Board of NEHS.

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;
- Liquidity risk metrics, such as Maximum Cumulative Outflow under different scenarios, Liquidity Coverage Ratio; Net stable Funding 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 Group, including NIP, 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 the internal model approach, such as Value at Risk ("VaR"), Stressed VaR ("SVaR"), Incremental Risk Charge ("IRC"), to calculate market risk regulatory capital requirements for a range of trading positions.

### Risk Management Structure

The Board of Directors of the Group is ultimately responsible for ensuring the maintenance of a sound system of internal controls and risk management that ensures risks are appropriately and effectively managed for NEHS.

The Board Risk Committee ("BRC") provides challenge, oversight and scrutiny, in order to ensure that an effective internal control and risk management environment is maintained in respect of principal Enterprise Wide Risks.

The Enterprise Risk Committee is established and chaired by the NEHS Chief Risk Officer ("CRO") to monitor and review financial and non-financial risks, as those are outlined in the NEHS Risk Management Framework.

Three lines of defence (LOD) risk governance model is adopted to ensure roles and responsibilities for the management of risk throughout the Group are clearly defined, communicated and widely understood. First LOD responsibilities are embedded across all functions as their activities give rise to some risks, e.g. non-financial risks. The second LOD functions provide objective review, advice and challenge to the first LOD: these include, but are not limited to, the Risk Management Division (for Financial Risks and Non-Financial Risks), the Legal, Compliance and Culture (LCC) Division (for Non-Financial Risks), and the Finance Division (for Liquidity Risk). The third LOD provides independent assurance on the activities of the first and second LODs. This consists of the Group's Internal Audit function.

The Risk Management Division ensures effective risk governance through designing risk management policies for the firm as a whole and providing objective review and challenge to the first line of defence in their management of risks. The Risk Management Division responsibilities include monitoring and reporting of actual risk exposures against risk appetite and risk limits, as well as evaluating risk management governance established by the First Line.

## Directorships

The following table shows directorships held by members of the management body as at 31st March 2023 and complements disclosures made in [NIP's Annual Report.]

| Directors | Internal Directorships | External Directorships |
|---|---|---|
| Takeo Aoki [(1)] | 9 | 4 |
| David Godfrey[(2)] | 3 | 0 |
| John Tierney | 5 | 0 |
| Jonathan Britton | 3 | 3 |
| Jonathan Lewis | 2 | 1 |
| Neeta Atkar | 4 | 4 |
| Naoyuki Oguri | 4 | 0 |
| Rosemary Murray | 4 | 8 |
| Daisuke Mototani | 8 | 1 |
| Magnus Falk[(3)] | 5 | 1 |

1) *Resigned 20 April 2022 (details correct as at that date)*
2) *Resigned from an external directorship on 7 June 2022 (details correct as from this date)*
3) *Appointed on 13 March 2023*

All internal directorships are held within the Nomura Group. All external directorships are either Executive or 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 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.

This is in accordance with rule 5.4 of the General Organisation Requirements section of the PRA Rulebook.

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# Key Metrics

## Template UK KM1 – Key metrics template for the Group

The below table shows the key metrics for the Group[1, 2, 3]

| | $m | The Group | | | | |
|---|---|---|---|---|---|---|
| | | a | b | c | d | e |
| | | Mar-23 | Dec-22 | Sep-22 | Jun-22 | Mar-22 |
| | **Available own funds (amounts)** | | | | | |
| 1 | Common Equity Tier 1 (CET1) capital | 5,573 | 5,456 | 5,448 | 5,403 | 5,466 |
| 2 | Tier 1 capital | 5,573 | 5,456 | 5,448 | 5,403 | 5,466 |
| 3 | Total capital | 7,733 | 7,616 | 7,608 | 7,563 | 7,626 |
| | **Risk-weighted exposure amounts** | | | | | |
| 4 | Total risk-weighted exposure amount | 31,321 | 31,747 | 29,877 | 31,742 | 34,823 |
| | **Capital ratios (as a percentage of risk-weighted exposure amount)** | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | 17.79% | 17.18% | 18.24% | 17.02% | 15.70% |
| 6 | Tier 1 ratio (%) | 17.79% | 17.18% | 18.24% | 17.02% | 15.70% |
| 7 | Total capital ratio (%) | 24.69% | 23.99% | 25.47% | 23.83% | 21.90% |
| | **Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)** | | | | | |
| UK 7a | Additional CET1 SREP requirements (%) | 2.37% | 2.37% | 2.37% | 2.37% | 2.26% |
| UK 7b | Additional AT1 SREP requirements (%) | 0.79% | 0.79% | 0.79% | 0.79% | 0.75% |
| UK 7c | Additional T2 SREP requirements (%) | 1.05% | 1.05% | 1.05% | 1.05% | 1.00% |
| UK 7d | Total SREP own funds requirements (%) | 12.21% | 12.21% | 12.21% | 12.21% | 12.01% |
| | **Combined buffer requirement (as a percentage of risk-weighted exposure amount)** | | | | | |
| 8 | Capital conservation buffer (%) | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| UK 8a | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | | | | | |
| 9 | Institution specific countercyclical capital buffer (%) | 0.30% | 0.27% | 0.08% | 0.06% | 0.06% |
| UK 9a | Systemic risk buffer (%) | | | | | |
| 10 | Global Systemically Important Institution buffer (%) | | | | | |
| UK 10a | Other Systemically Important Institution buffer | | | | | |
| 11 | Combined buffer requirement (%) | 2.80% | 2.77% | 2.58% | 2.56% | 2.56% |
| UK 11a | Overall capital requirements (%) | 15.01% | 14.98% | 14.79% | 14.77% | 14.58% |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 8.64% | 8.03% | 9.08% | 7.87% | 6.68% |
| | **Leverage ratio** | | | | | |
| 13 | Total exposure measure excluding claims on central banks | 129,590 | 137,768 | 129,979 | 125,479 | 131,273 |
| 14 | Leverage ratio excluding claims on central banks (%) | 4.30% | 3.96% | 4.19% | 4.31% | 4.16% |
| | **Additional leverage ratio disclosure requirements**[1] | | | | | |
| UK 14a | Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) | 4.30% | | | | |
| UK 14b | Leverage ratio including claims on central banks (%) | 4.17% | | | | |
| UK 14c | Average leverage ratio excluding claims on central banks (%) | 4.12% | | | | |
| 14d | Average leverage ratio including claims on central banks (%) | 4.00% | | | | |
| 14e | Countercyclical leverage ratio buffer (%) | 0.10% | | | | |
| | **Liquidity Coverage Ratio** | | | | | |
| 15 | Total high-quality liquid assets (HQLA) (Weighted value - average) | 22,304 | 22,485 | 22,436 | 22,559 | 22,557 |
| UK 16a | Cash outflows - Total weighted value | 31,246 | 31,657 | 32,220 | 33,152 | 34,664 |
| UK 16b | Cash inflows - Total weighted value | 23,962 | 24,581 | 25,449 | 26,190 | 27,375 |
| 16 | Total net cash outflows (adjusted value) | 7,951 | 7,962 | 8,059 | 8,292 | 8,670 |
| 17 | Liquidity coverage ratio (%) | 281.67% | 283.42% | 280.25% | 274.33% | 261.92% |
| | **Net Stable Funding Ratio**[2] | | | | | |
| 18 | Total available stable funding | 28,948 | | | | |
| 19 | Total required stable funding | 18,716 | | | | |
| 20 | NSFR ratio (%) | 154.67% | | | | |

1. *As a Leverage Ratio Requirements ("LREQ") entity, the Group is subject to additional leverage ratio disclosure requirements from 1 January 2023. Template rows 14a to 14e have therefore been included for the first time.*
2. *The Group is subject to Net Stable Funding Ratio ("NSFR") disclosure requirements from 1 January 2023. Template rows 18 to 20 have therefore been included for the first time.*
3. *The Group is required to maintain a minimum ratio of Own Funds to Risk Weighted Assets ("RWAs"). As at 31st March 2023, the Group is in compliance with the PRA capital requirements.*

Tier 1 capital ratio has increased during the quarter due to an increase in Tier 1 Capital and decrease in Risk Weighted Exposure Amounts ("RWEA").

Leverage ratio has improved during the quarter due to a reduction in Securities financing transaction leverage exposure.

Liquidity Coverage ratio has remained broadly consistent during the quarter.

## Template UK KM1 – Key metrics template for NIP

The below table shows the key metrics for NIP[1, 2, 3]

| $m | | NIP | | |
|---|---|---|---|---|
| | | a | c | e |
| | | Mar-23 | Sep-22 | Mar-22 |
| | **Available own funds (amounts)** | | | |
| 1 | Common Equity Tier 1 (CET1) capital | 5,063 | 5,020 | 5,025 |
| 2 | Tier 1 capital | 5,063 | 5,020 | 5,025 |
| 3 | Total capital | 6,323 | 6,280 | 6,285 |
| | **Risk-weighted exposure amounts** | | | |
| 4 | Total risk-weighted exposure amount | 28,659 | 27,315 | 31,201 |
| | **Capital ratios (as a percentage of risk-weighted exposure amount)** | | | |
| 5 | Common Equity Tier 1 ratio (%) | 17.67% | 18.38% | 16.10% |
| 6 | Tier 1 ratio (%) | 17. 67% | 18.38% | 16.10% |
| 7 | Total capital ratio (%) | 22.06% | 22.99% | 20.14% |
| | **Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)** | | | |
| UK 7a | Additional CET1 SREP requirements (%) | 2.36% | 2.36% | 2.62% |
| UK 7b | Additional AT1 SREP requirements (%) | 0.79% | 0.79% | 0.87% |
| UK 7c | Additional T2 SREP requirements (%) | 1.05% | 1.05% | 1.16% |
| UK 7d | Total SREP own funds requirements (%) | 12.20% | 12.20% | 12.66% |
| | **Combined buffer requirement (as a percentage of risk-weighted exposure amount)** | | | |
| 8 | Capital conservation buffer (%) | 2.50% | 2.50% | 2.50% |
| UK 8a | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | | | |
| 9 | Institution specific countercyclical capital buffer (%) | 0.31% | 0.09% | 0.06% |
| UK 9a | Systemic risk buffer (%) | | | |
| 10 | Global Systemically Important Institution buffer (%) | | | |
| UK 10a | Other Systemically Important Institution buffer | | | |
| 11 | Combined buffer requirement (%) | 2.81% | 2.59% | 2.56% |
| UK 11a | Overall capital requirements (%) | 15.01% | 14.79% | 15.21% |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | 8.52% | 9.23% | 6.61% |
| | **Leverage ratio** | | | |
| 13 | Total exposure measure excluding claims on central banks | 122,593 | 123,425 | 123,460 |
| 14 | Leverage ratio excluding claims on central banks (%) | 4.13% | 4.07% | 4.07% |
| | **Additional leverage ratio disclosure requirements**[1] | | | |
| UK 14a | Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) | 4.13% | | |
| UK 14b | Leverage ratio including claims on central banks (%) | 4.03% | | |
| UK 14c | Average leverage ratio excluding claims on central banks (%) | 4.01% | | |
| 14d | Average leverage ratio including claims on central banks (%) | 3.92% | | |
| 14e | Countercyclical leverage ratio buffer (%) | 0.10% | | |
| | **Liquidity Coverage Ratio** | | | |
| 15 | Total high-quality liquid assets (HQLA) (Weighted value -average) | 18,151 | 18,753 | 19,150 |
| UK 16a | Cash outflows - Total weighted value | 28,847 | 29,792 | 32,375 |
| UK 16b | Cash inflows - Total weighted value | 21,842 | 23,142 | 25,039 |

| | | | | |
|---|---|---|---|---|
| 16 | Total net cash outflows (adjusted value) | 7,446 | 7,449 | 8,098 |
| 17 | Liquidity coverage ratio (%) | 245.42% | 253.58% | 238.50% |
| | **Net Stable Funding Ratio**[2] | | | |
| 18 | Total available stable funding | 24,624 | | |
| 19 | Total required stable funding | 17,687 | | |
| 20 | NSFR ratio (%) | 139.21% | | |

1. *As an LREQ entity, NIP is subject to additional leverage ratio disclosure requirements from 1 January 2023. Template rows 14a to 14e have therefore been included for the first time.*
2. *NIP is subject to NSFR disclosure requirements from 1 January 2023. Template rows 18 to 20 have therefore been included for the first time.*
3. *NIP is required to maintain a minimum ratio of Own Funds to Risk Weighted Assets ("RWAs"). As at 31st March 2023, NIP is in compliance with the PRA capital requirements.*

Tier 1 capital ratio has decreased compared to 30th September 2022, primarily driven by an increase in RWEA.

Leverage ratio has remained broadly consistent compared to 30th September 2022.

Liquidity Coverage ratio has remained broadly consistent compared to 30th September 2022.

# Own Funds Disclosures

## Template UK CC1 – Composition of regulatory own funds for the Group and NIP

The below shows the composition of regulatory own funds for the Group and NIP as at 31st March 2023:

| $m | | The Group | | NIP |
|---|---|---|---|---|
| | | (a) | (b) | (a) |
| | | Amounts | References[1] | Amounts |
| **Common Equity Tier 1 (CET1) capital: instruments and reserves** | | | | |
| 1 | Capital instruments and the related share premium accounts | 3,399 | A | 3,269 |
| | of which: Ordinary Share Capital | 3,399 | | 3,269 |
| 2 | Retained earnings | 1,145 | | 512 |
| 3 | Accumulated other comprehensive income (and other reserves) | 1,388 | C | 1,489 |
| **6** | **Common Equity Tier 1 (CET1) capital before regulatory adjustments** | **5,932** | | **5,270** |
| **Common Equity Tier 1 (CET1) capital: regulatory adjustments** | | | | |
| 7 | Additional value adjustments (negative amount) [2] | (124) | | (120) |
| 8 | Intangible assets (net of related tax liability) (negative amount) [3] | (12) | D | (6) |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount) | (11) | | - |
| 14 | Gains or losses on liabilities valued at fair value resulting from changes in own credit standing | (115) | | - |
| UK-25a | Losses for the current financial year (negative amount) | - | | - |
| 27a | Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)* | (97) | | (81) |
| 28 | **Total regulatory adjustments** | (359) | | (207) |
| 29 | **Common Equity Tier 1 (CET1) capital** | **5,573** | | **5,063** |
| **Additional Tier 1 (AT1) capital: instruments** | | | | |
| **36** | **Additional Tier 1 (AT1) capital before regulatory adjustments** | - | | - |
| **Additional Tier 1 (AT1) capital: regulatory adjustments** | | | | |
| **43** | **Total regulatory adjustments to Additional Tier 1 (AT1) capital** | - | | - |
| **44** | **Additional Tier 1 (AT1) capital** | - | | - |
| **45** | **Tier 1 capital (T1 = CET1 + AT1)** | **5,573** | | **5,063** |
| **Tier 2 (T2) capital: instruments** | | | | |
| 46 | Capital instruments and the related share premium accounts | 2,160 | | 1,260 |
| **51** | **Tier 2 (T2) capital before regulatory adjustments** | **2,160** | | **1,260** |
| **Tier 2 (T2) capital: regulatory adjustments** | | | | |
| **57** | **Total regulatory adjustments to Tier 2 (T2) capital** | - | | - |
| **58** | **Tier 2 (T2) capital** | **2,160** | | **1,260** |
| **59** | **Total capital (TC = T1 + T2)** | **7,733** | | **6,323** |
| **60** | **Total Risk exposure amount** | **31,321** | | **28,659** |
| **Capital ratios and buffers** | | | | |
| 61 | Common Equity Tier 1 (as a percentage of total risk exposure amount) | 17.79% | | 17.67% |
| 62 | Tier 1 (as a percentage of total risk exposure amount) | 17.79% | | 17.67% |
| 63 | Total capital (as a percentage of total risk exposure amount) | 24.69% | | 22.06% |

| | | | | |
|---|---|---|---|---|
| 64 | Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount) | 9.67% | | 9.67% |
| 65 | of which: capital conservation buffer requirement | 2.50% | | 2.50% |
| 66 | of which: countercyclical buffer requirement | 0.30% | | 0.31% |
| 67 | of which: systemic risk buffer requirement | - | | - |
| UK-67a | of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer | - | | - |
| 68 | **Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)** | 8.64% | | 8.52% |
| **Amounts below the thresholds for deduction (before risk weighting)** | | | | |
| 72 | Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) | 28 | | 41 |
| 73 | Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions) | - | | - |
| 75 | Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) | - | | - |

1. *References provide the mapping of regulatory balance sheet items used to calculate regulatory capital as reflected in the column "References" in UK CC2*
2. *Additional value adjustments in accordance with CRR Article 34 and Article 105*
3. *In accordance with point (b) of Article 36(1) and CRR Article 37*

Tier 1 capital of the Group and NIP consist of share capital and reserves. Both the Group and NIP saw an increase in Tier 1 capital as a result of profits for the year, following improved performance in structured rates and credit.

Regulatory adjustments to CET1 are predominantly driven by Prudential Valuation adjustments.

Other regulatory adjustments are predominantly driven by fair value losses arising from own credit risk related to derivatives, but also includes other transitional adjustments to CET1 capital, including IFRS 9 transitional arrangements related to Expected Credit Loss ("ECL") provisioning.

The Group and NIP made no changes to the notional of Tier 2 subordinated debt in the period.

At 31 March 2023, there was no applicable Systemic Risk or Other Systemically Important Institution ("OSII") buffers.

No restrictions have been applied to the calculation of Common Equity Tier 1 or the prudential filters to Common Equity Tier 1.

## Template UK CC2 – Reconciliation of Regulatory Own funds to Balance Sheet in the audited Financial Statements for the Group

| $m | | The Group | | |
|---|---|---|---|---|
| | | a | b | c |
| | | Balance sheet as in published financial statements[1] | Under regulatory scope of consolidation | References |
| | | As at 31st March 2023 | As at 31st March 2023 | |
| **Assets -** *Breakdown by asset class according to the balance sheet in the published financial statements* | | | | |
| 1 | Cash and cash equivalent | - | 6,111 | |
| 2 | Financial assets held for trading | 7 | 186,188 | |
| 3 | Investments - time deposits | - | 1,527 | |
| 4 | Current tax receivable | - | 79 | |
| 5 | Collateral posted for securities purchased under agreements to resell | - | 60,283 | |
| 6 | Collateral posted for securities borrowed | - | 5,706 | |
| 7 | Other debtors | 4,152 | 16,940 | |
| 8 | Financial investments | - | 30 | |
| 9 | Deferred tax assets | - | - | |
| 10 | Tangible fixed assets | - | 58 | |
| 11 | Intangible fixed assets | - | 12 | D |
| 12 | Investment in subsidiaries under cost method | 403 | - | |
| 13 | Investment in subsidiaries under Equity method | 6,540 | - | |
| 14 | **Total Assets** | **11,102** | **276,934** | |
| **Liabilities** - *Breakdown by liability class according to the balance sheet in the published financial statements* | | | | |
| 1 | Financial liabilities held for trading | 4 | 178,886 | |
| 2 | Commercial papers issued | - | 825 | |
| 3 | Current tax payable | - | 63 | |
| 4 | Other creditors | 21 | 21,268 | |
| 5 | Collateral received for securities sold under agreements to repurchase | - | 44,673 | |
| 6 | Collateral received for securities loaned | - | 4,204 | |
| 7 | Provisions | - | 121 | |
| 8 | Deferred tax liability | - | 27 | |
| 9 | Creditors (amounts falling due after more than one year) | 5,168 | 20,935 | |
| 10 | **Total Liabilities** | **5,193** | **271,002** | |
| **Shareholders' Equity** | | | | |
| 1 | Called up share capital | 3,391 | 3,392 | A |
| 2 | Share premium | 7 | 7 | A |
| 3 | Share-based payment reserve | 1,306 | 1,306 | C |
| 4 | Translation reserve | (44) | (44) | C |
| 5 | Own Credit Reserve | 126 | 126 | C |
| 6 | Profit and loss account | 1,123 | 1,145 | |
| 7 | **Total Shareholders' Equity** | **5,909** | **5,932** | |

1. *Nomura Europe Holdings plc company balance sheet reported as Nomura Europe Holdings Plc Group does not publish consolidated financial statements*

## Template UK CC2 – Reconciliation of Regulatory Own funds to Balance Sheet in the audited Financial Statements for NIP

| $m | | NIP | |
|---|---|---|---|
| | | a | c |
| | | Balance sheet as in published financial statements and under regulatory scope of consolidation | References |
| | | As at 31st March 2023 | |
| **Assets** - *Breakdown by asset class according to the balance sheet in the published financial statements* | | | |
| 1 | Cash and cash equivalent | 4,370 | |
| 2 | Financial assets held for trading | 161,122 | |
| 3 | Investments time deposits | 60 | |
| 4 | Current tax receivable | 44 | |
| 5 | Collateral posted for securities purchased under agreements to resell | 59,396 | |
| 6 | Collateral posted for securities borrowed | 5,706 | |
| 7 | Other debtors | 14,732 | |
| 8 | Financial investments | 11 | |
| 9 | Tangible fixed assets | 23 | |
| 10 | Intangible fixed assets | 7 | D |
| 11 | Investments in subsidiaries | - | |
| 12 | Investments in group companies | 13 | |
| 13 | **Total Assets** | **245,484** | |
| **Liabilities** - *Breakdown by liability class according to the balance sheet in the published financial statements* | | | |
| 1 | Financial liabilities held for trading | 153,625 | |
| 2 | Other creditors | 17,036 | |
| 3 | Collateral received for securities sold under agreements to repurchase | 48,386 | |
| 4 | Collateral received for securities loaned | 4,204 | |
| 5 | Provisions | 121 | |
| 6 | Creditors (amounts falling due after more than one year) | 16,842 | |
| 7 | **Total Liabilities** | **240,214** | |
| **Shareholders' Equity** | | | |
| 1 | Called up share capital | 3,241 | A |
| 2 | Share premium | 28 | A |
| 3 | Capital redemption reserve | 184 | C |
| 4 | Other reserve | - | C |
| 5 | Share-based payment reserve | 1,305 | C |
| 6 | Retained Earnings | 512 | |
| 7 | **Total Shareholders' Equity** | **5,270** | |

## Template UK LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories for the Group

| | | The Group | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g |
| | | Carrying values as reported in published financial statements[1] | Carrying values under scope of regulatory consolidation | Carrying values of items | | | | |
| | $m | | | 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 own funds requirements or subject to deduction from own funds |
| | Breakdown by asset class according to the balance sheet in the published financial statements | | | | | | | |
| 1 | Cash and cash equivalent | - | 6,111 | 6,111 | - | - | - | - |
| 2 | Financial assets held for trading | 7 | 186,188 | 992 | 173,088 | - | 185,196 | - |
| 3 | Investments - time deposits | - | 1,527 | 1,511 | 16 | - | 16 | - |
| 4 | Current tax receivable | - | 79 | 79 | - | - | - | - |
| 5 | Collateral posted for securities purchased under agreements to resell | - | 60,283 | - | 60,283 | - | 60,283 | - |
| 6 | Collateral posted for securities borrowed | - | 5,706 | - | 5,706 | - | 5,706 | - |
| 7 | Other debtors | 4,152 | 16,940 | 1,971 | 14,969 | - | 14,969 | - |
| 8 | Financial investments | - | 30 | 30 | - | - | - | - |
| 9 | Deferred tax assets | - | - | - | - | - | - | - |
| 10 | Tangible fixed assets | - | 58 | 58 | - | - | - | - |
| 11 | Intangible fixed assets | - | 12 | - | - | - | - | 12 |
| 12 | Investment in subsidiaries under cost method | 403 | - | - | - | - | - | - |
| 13 | Investment in subsidiaries under Equity method | 6,540 | - | - | - | - | - | - |
| **14** | **Total Assets** | **11,102** | **276,934** | **10,752** | **254,062** | **-** | **266,170** | **12** |
| | Breakdown by liability classes according to the balance sheet in the published financial statements | | | | | | | |
| 1 | Financial liabilities held for trading | 4 | 178,886 | - | 172,947 | - | 178,886 | - |
| 2 | Commercial papers issued | - | 825 | - | - | - | - | 825 |
| 3 | Current tax payable | - | 63 | - | - | - | - | 63 |
| 4 | Other creditors | 21 | 21,268 | - | 17,629 | - | 17,629 | 3,639 |
| 5 | Collateral received for securities sold under agreements to repurchase | - | 44,673 | - | 44,673 | - | 44,673 | - |
| 6 | Collateral received for securities loaned | - | 4,204 | - | 4,204 | - | 4,204 | - |
| 7 | Provisions | - | 121 | - | - | - | - | 121 |
| 8 | Deferred tax liability | - | 27 | - | - | - | - | 27 |
| 9 | Creditors (amounts falling due after more than one year) | 5,168 | 20,935 | - | 8,730 | - | 8,730 | 12,205 |
| **10** | **Total Liabilities** | **5,193** | **271,002** | **-** | **248,183** | **-** | **254,122** | **16,880** |

*1. Nomura Europe Holdings plc company balance sheet reported as Nomura Europe Holdings Plc Group does not publish consolidated financial statements*

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 frameworks. Other items considered as on and off balance sheet, are covered under the credit risk framework.

## Template UK LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements for the Group

| | $m | The Group | | | | |
|---|---|---|---|---|---|---|
| | | a | b | c | d | e |
| | | Total | Items subject to | | | |
| | | | Credit risk framework | Securitisation framework | CCR framework | Market risk framework |
| **1** | **Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)** | **276,922** | **10,752** | **-** | **254,062** | **266,170** |
| **2** | **Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)** | **254,122** | **-** | **-** | **248,183** | **254,122** |
| **3** | **Total net amount under the regulatory scope of consolidation** | **22,800** | **10,752** | **-** | **5,879** | **12,048** |
| **4** | **Off-balance-sheet amounts** | **3,324** | **2,456** | **-** | **-** | |
| 5 | *Differences in valuations* | - | - | **-** | **-** | |
| 6 | *Differences due to different netting rules, other than those already included in row 2* [1] | 659,293 | - | **-** | 659,293 | |
| 7 | *Differences due to consideration of provisions* | - | - | **-** | - | |
| 8 | *Differences due to the use of credit risk mitigation techniques (CRMs)* | (629,866) | - | **-** | (629,866) | |
| 9 | *Differences due to credit conversion factors* [2] | (1,522) | (1,522) | **-** | **-** | |
| 10 | *Differences due to Securitisation with risk transfer* | - | - | **-** | **-** | |
| 11 | *Other differences* | - | - | **-** | **-** | |
| **12** | **Exposure amounts considered for regulatory purposes** | **54,029** | **11,686** | **-** | **35,306** | |

1. *Includes effects due to differences in exposure modelling applying the Effective Expected Positive Exposure ("EEPE") as well as SA-CCR for derivatives and financial collateral comprehensive method for SFT including differences as a result of application of regulatory netting rules.*

2. *Off balance sheet items subject to credit risk framework may include undrawn facilities which have Credit Conversion Factors ("CCF").*

## Template UK LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

| Name of the Entity | Method of Accounting Consolidation | Method of Regulatory Consolidation | | Description of Entity |
|---|---|---|---|---|
| | | Full Consolidation | Equity Method | |
| Nomura Europe Holdings Plc | Full Consolidation | ✓ | | Financial Holding Company |
| Nomura International Plc | Full Consolidation | ✓ | | PRA Designated Investment Firm |
| Nomura Financial Products Europe GmbH | Full Consolidation | ✓ | | Investment Firm |
| Nomura Bank International Plc | Full Consolidation | ✓ | | Credit Institution |
| Nomura Bank (Luxembourg) Sa | Full Consolidation | ✓ | | Credit Institution |
| Banque Nomura France, S.A. | Full Consolidation | ✓ | | Credit Institution |
| Nomura Bank (Switzerland) Ltd | Full Consolidation | ✓ | | Credit Institution |
| Nomura Alternative Investment Management France S.A.S | Full Consolidation | ✓ | | Asset Management Company |
| Global Funds Trust Company | Full Consolidation | ✓ | | Management Company |
| Master Trust Company | Full Consolidation | ✓ | | Management Company |
| Global Funds Management S.A. | Full Consolidation | ✓ | | Management Company |
| Bailey Repackaging Trust | Full Consolidation | ✓ | | Financial Services Trust Company |
| Nomura Investment Solutions PLC - Nomura Fixed INC Risk | Full Consolidation | | ✓ | Funds |
| Nomura Cross Asset Momentum UCITS Fund | Full Consolidation | | ✓ | Funds |
| Nomura Global High Yield Dynamic Duration UCITS Fund | Full Consolidation | | ✓ | Funds |
| Sylph Ltd Series 1012,1014,1686,1687,1738,1811,1855,1881,1922,2001 | Full Consolidation | | ✓ | Special Purpose Entity |
| Nomura Nominees Limited | Full Consolidation | | ✓ | Custodian |
| Nomura D1 Nominee Limited | Full Consolidation | | ✓ | Custodian |
| Nomura Clearance and Settlement Nominees Limited | Full Consolidation | | ✓ | Custodian |
| Nomura PB Nominees Limited | Full Consolidation | | ✓ | Custodian |
| Nomura Custody Nominees Limited | Full Consolidation | | ✓ | Custodian |
| Nomura London Retirement Benefits Plan Trustee Limited | Full Consolidation | | ✓ | Corporate Trustee |
| Nomura.com Limited | Full Consolidation | | ✓ | Dormant Company |
| Nomura Saudi Arabia | Full Consolidation | | ✓ | Entity in Liquidation |
| Nomura Private Equity Investment GP Limited | Full Consolidation | | ✓ | Entity in Liquidation |
| Nomura Alternative Investment Management (Europe) Limited | Full Consolidation | | ✓ | Entity in Liquidation |
| Nomura RPS Limited | Full Consolidation | | ✓ | Entity in Liquidation |
| IBJ Nomura Financial Products (UK) plc | Full Consolidation | | ✓ | Entity in Liquidation |

There are no subsidiaries that are excluded from the prudential scope of consolidation

## Transitional Provisions

Following adoption of 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. CRR article 473a ECL transitional relief has been extended to provide additional ECL relief following COVID-19. The relief permits the Group to add back to its own funds 100% of any increases in ECL arising from 1 January 2020 (deemed to be as a result of COVID-19) with the relief factor reducing to 25% by 2025.

### Template IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs for the Group

| | The Group | | | | |
|---|---|---|---|---|---|
| **$m** | **Mar-23** | **Dec-22** | **Sep-22** | **Jun-22** | **Mar-22** |
| **Available Capital** | | | | | |
| Common Equity Tier 1 (CET1) capital | 5,573 | 5,456 | 5,448 | 5,403 | 5,466 |
| Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied | 5,572 | 5,454 | 5,447 | 5,402 | 5,463 |
| Tier 1 capital | 5,573 | 5,456 | 5,448 | 5,403 | 5,466 |
| Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied | 5,572 | 5,454 | 5,447 | 5,402 | 5,463 |
| Total capital | 7,733 | 7,616 | 7,608 | 7,563 | 7,626 |
| Total capital as if IFRS 9 ECL transitional arrangements had not been applied | 7,732 | 7,614 | 7,607 | 7,562 | 7,623 |
| **Risk Weighted Assets** | | | | | |
| Total risk-weighted assets | 31,321 | 31,747 | 29,877 | 31,742 | 34,823 |
| **Capital Ratios** | | | | | |
| Common Equity Tier 1 (as a percentage of risk exposure amount) | 17.79% | 17.19% | 18.24% | 17.02% | 15.70% |
| Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied | 17.79% | 17.18% | 18.23% | 17.02% | 15.69% |
| Tier 1 (as a percentage of risk exposure amount) | 17.79% | 17.19% | 18.24% | 17.02% | 15.70% |
| Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied | 17.79% | 17.18% | 18.23% | 17.02% | 15.69% |
| Total capital (as a percentage of risk exposure amount) | 24.69% | 23.99% | 25.47% | 23.83% | 21.90% |
| Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied | 24.69% | 23.98% | 25.46% | 23.82% | 21.89% |
| **Leverage Ratio** | | | | | |
| Leverage ratio total exposure measure | 129,590 | 137,768 | 129,979 | 125,479 | 131,273 |
| Leverage ratio | 4.30% | 3.96% | 4.19% | 4.31% | 4.16% |
| Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied | 4.30% | 3.96% | 4.19% | 4.31% | 4.16% |

## Template IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs for NIP

| | NIP | | |
|---|---|---|---|
| **$m** | **Mar-23** | **Sep-22** | **Mar-22** |
| **Available Capital** | | | |
| Common Equity Tier 1 (CET1) capital | 5,063 | 5,020 | 5,025 |
| Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied | 5,061 | 5,018 | 5,022 |
| Tier 1 capital | 5,063 | 5,020 | 5,025 |
| Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied | 5,061 | 5,018 | 5,022 |
| Total capital | 6,323 | 6,280 | 6,285 |
| Total capital as if IFRS 9 ECL transitional arrangements had not been applied | 6,321 | 6,278 | 6,282 |
| **Risk Weighted Assets** | | | |
| Total risk-weighted assets | 28,659 | 27,315 | 31,201 |
| **Capital Ratios** | | | |
| Common Equity Tier 1 (as a percentage of risk exposure amount) | 17.67% | 18.38% | 16.10% |
| Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied | 17.66% | 18.37% | 16.10% |
| Tier 1 (as a percentage of risk exposure amount) | 17.67% | 18.38% | 16.10% |
| Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied | 17.66% | 18.37% | 16.10% |
| Total capital (as a percentage of risk exposure amount) | 22.06% | 22.99% | 20.14% |
| Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied | 22.06% | 22.98% | 20.13% |
| **Leverage Ratio** | | | |
| Leverage ratio total exposure measure | 122,593 | 123,425 | 123,460 |
| Leverage ratio | 4.13% | 4.07% | 4.07% |
| Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied | 4.13% | 4.07% | 4.07% |

## Capital Requirements

### Template UK OV1 – Overview of risk weighted exposure amounts for the Group

RWEAs and own funds requirements for the Group as at 31st March 2023:

| $m | | The Group | | |
|---|---|---|---|---|
| | | Risk weighted exposure amounts (RWEAs) | | Total own funds requirements |
| | | A | b | c |
| | | Mar-23 | Dec-22 | Mar-23 |
| **1** | **Credit risk (excluding CCR)** | **3,110** | **2,989** | **251** |
| 2 | Of which the standardised approach | 3,110 | 2,989 | 251 |
| 3 | Of which the foundation IRB (FIRB) approach | - | - | - |
| 4 | Of which slotting approach | - | - | - |
| UK 4a | Of which equities under the simple riskweighted approach | - | - | - |
| 5 | Of which the advanced IRB (AIRB) approach | - | - | - |
| **6** | **Counterparty credit risk - CCR** | **19,557** | **20,137** | **1,565** |
| 7 | Of which the standardised approach | 4,521 | 4,773 | 362 |
| 8 | Of which internal model method (IMM) | 7,674 | 7,687 | 614 |
| UK 8a | Of which exposures to a CCP | 161 | 176 | 13 |
| UK 8b | Of which credit valuation adjustment - CVA | 3,076 | 3,350 | 246 |
| 9 | Of which other CCR | 4,125 | 4,151 | 330 |
| **15** | **Settlement risk** | **49** | **49** | **4** |
| **16** | **Securitisation exposures in the non-trading book (after the cap)** | **-** | **-** | **-** |
| 17 | Of which SEC-IRBA approach | - | - | - |
| 18 | Of which SEC-ERBA (including IAA) | - | - | - |
| 19 | Of which SEC-SA approach | - | - | - |
| UK 19a | Of which 1250%/ deduction | - | - | - |
| **20** | **Position, foreign exchange and commodities risks (Market risk)** | **5,385** | **5,489** | **430** |
| 21 | Of which the standardised approach | 1,180 | 1,429 | 94 |
| 22 | Of which IMA | 4,205 | 4,060 | 336 |
| **UK 22a** | **Large exposures** | **16** | **-** | **1** |
| **23** | **Operational risk** | **3,204** | **3,083** | **256** |
| UK 23a | Of which basic indicator approach | - | - | - |
| UK 23b | Of which standardised approach | 3,204 | 3,083 | 256 |
| UK 23c | Of which advanced measurement approach | - | - | - |
| 24 | **Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)** | - | - | - |
| **29** | **Total** | **31,321** | **31,747** | **2,507** |

### Movements in RWA over the period

Counterparty Credit Risk decreased over the quarter mainly due to decreased derivative and SFT exposures and CVA decreased as SCVA reduced across the portfolio.

## Template UK OV1 – Overview of risk weighted exposure amounts for NIP

RWEAs and own funds requirements for NIP as at 31st March 2023:

| $m | | NIP | | |
|---|---|---|---|---|
| | | Risk weighted exposure amounts (RWEAs) | | Total own funds requirements |
| | | a | b | c |
| | | Mar-23 | Mar-22 | Mar-23 |
| **1** | **Credit risk (excluding CCR)** | **2,610** | **2,084** | **209** |
| 2 | Of which the standardised approach | 2,610 | 2,084 | 209 |
| 3 | Of which the foundation IRB (FIRB) approach | - | - | - |
| 4 | Of which slotting approach | - | - | - |
| UK 4a | Of which equities under the simple riskweighted approach | - | - | - |
| 5 | Of which the advanced IRB (AIRB) approach | - | - | - |
| **6** | **Counterparty credit risk - CCR** | **17,898** | **19,877** | **1,432** |
| 7 | Of which the standardised approach | 3,822 | 5,643 | 306 |
| 8 | Of which internal model method (IMM) | 7,147 | 8,004 | 572 |
| UK 8a | Of which exposures to a CCP | 130 | 228 | 10 |
| UK 8b | Of which credit valuation adjustment - CVA | 2,736 | 3,212 | 219 |
| 9 | Of which other CCR | 4,063 | 2,790 | 325 |
| **15** | **Settlement risk** | **50** | **63** | **4** |
| **16** | **Securitisation exposures in the non-trading book (after the cap)** | **-** | **-** | **-** |
| 17 | Of which SEC-IRBA approach | - | - | - |
| 18 | Of which SEC-ERBA (including IAA) | - | - | - |
| 19 | Of which SEC-SA approach | - | - | - |
| UK 19a | Of which 1250%/ deduction | - | - | - |
| **20** | **Position, foreign exchange and commodities risks (Market risk)** | **5,045** | **6,229** | **403** |
| 21 | Of which the standardised approach | 1,168 | 2,023 | 93 |
| 22 | Of which IMA | 3,877 | 4,206 | 310 |
| **UK 22a** | **Large exposures** | **-** | **-** | **-** |
| **23** | **Operational risk** | **3,056** | **2,949** | **244** |
| UK 23a | Of which basic indicator approach | - | - | - |
| UK 23b | Of which standardised approach | 3,056 | 2,949 | 244 |
| UK 23c | Of which advanced measurement approach | - | - | - |
| 24 | **Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)** | - | - | - |
| **29** | **Total** | **28,659** | **31,202** | **2,292** |

## Movements in RWA over the period

Counterparty Credit Risk decreased over the year mainly due to decreased derivative exposures. Standardised Market Risk decreased over the year due to driven by reduction in general interest rate risk in the portfolio and portfolio novation. Market Risk under the IMA decreased following a reduction in the capital multiplier as the number of backtesting exceptions decreased over the period.

# Capital Buffers

## Countercyclical Capital Buffer

The countercyclical capital buffer ("CCyB") was established to protect the banking sector against excess aggregate credit growth in specific countries that has often been associated with the build-up of system-wide risk.

The CCyB requirement is calculated as the weighted average of the buffer in effect in the jurisdictions in which the Group has credit exposure. The CCyB requirement therefore changes depending on the nature of current trading positions and the CCyB rates set in each jurisdiction.

The CCyB must be met with CET1 capital.

## Template UK CCyB2 – Amount of institution-specific countercyclical capital buffer for the Group and NIP

The below table shows the CCyB requirement for the Group and NIP as at 31st March 2023:

| | $m | The Group | NIP |
|---|---|---|---|
| 1 | Total risk exposure amount | 31,321 | 28,659 |
| 2 | Institution specific countercyclical capital buffer rate | 0.30% | 0.31% |
| 3 | Institution specific countercyclical capital buffer requirement | 94 | 90 |

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

## Capital Conservation Buffer

The capital conservation buffer ("CCB") is a CRR buffer requirement equal to 2.5% of total risk exposure amount. It must be met by CET1 capital and can be used to absorb losses during periods of stress.

## Capital Management

The Group views capital as an important financial resource to deliver its overall business strategy. The Group, through its internal capital management framework, ensures that the utilisation of capital enhances shareholder value, maintains sufficient capital according to its risk appetite to support current and future business requirements, and complies with externally imposed capital 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 allocation of available capital resource across the business is then based upon factors such as business strategy, risk appetite, return on capital and regulatory requirements.
The Group reviews the appropriate level of capital sufficiency, with senior management responsible for implementing and enforcing the internal capital framework. The capital framework functions closely with the Group's risk management framework and policies, which regularly assess the risks the Group faces and set out appropriate controls to mitigate those risks. The determination of the appropriate level of capital takes into consideration, on an ongoing basis, those risks inherent in its business, regulatory requirements and, for applicable subsidiaries, maintenance of a debt rating appropriate to a global financial institution. This determination is delivered through the Internal Capital Adequacy Assessment Process ("ICAAP") exercise.

### ICAAP and Pillar 2

The Group conducts an ICAAP exercise to ensure the Group is adequately capitalised to meet its overall business plan and withstand any potential severe but plausible 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 NEHS Board before being submitted to the PRA.

The ICAAP utilises the Group's own established internal measures of capital which incorporate 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 but plausible impact on its capital projection. In addition, the ICAAP process utilises a range of management actions, identified in the Recovery Plan, 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") comprising Pillar 1 and Pillar 2A. As of 31st March 2023, the Group's TCR was $3.82bn (12.21% of total RWAs) consisting of a Pillar 1 requirement of $2.51bn (8% of total RWAs) and PRA prescribed Pillar 2A capital add-on of $1.32bn (4.21% of total RWAs). For NIP, the TCR was $3.50bn (12.20% of RWAs) consisting of a Pillar 1 requirement of $2.30bn (8% of total RWAs) and a Pillar 2A requirement of $1.20bn (4.20% of total RWAs).

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 Combined buffer. The Group maintains sufficient capital to meet the PRA's prescribed capital requirements.

## Template UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer for the Group

The table shows the geographical breakdown of CCyB exposures for the Group as at 31st March 2023:

| | The Group | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $m | a | b | c | d | e | f | g | h | i | j | k | l | m |
| | | General credit exposures | | Relevant credit exposures – Market risk | | Securitisation exposures Exposure value for non-trading book | Total exposure value | Own fund requirements | | | | Risk-weighted exposure amounts | Own fund requirements weights (%) | Countercyclical buffer rate (%) |
| | Breakdown by Country: | Exposure value under the standardised approach | Exposure value under the IRB approach | Sum of long and short positions of trading book exposures for SA | Value of trading book exposures for internal models | | | Relevant credit risk exposures - Credit risk | Relevant credit exposures – Market risk | Relevant credit exposures – Securitisation positions in the non-trading book | Total | | | |
| 1 | CAYMAN ISLANDS | 2,477 | - | 2 | 0 | - | 2,479 | 198 | 0 | - | 198 | 2,479 | 18.19% | 0.00% |
| 2 | UNITED KINGDOM | 2,807 | - | 10 | 341 | - | 3,158 | 185 | 4 | - | 189 | 2,361 | 17.33% | 1.00% |
| 3 | LUXEMBOURG | 1,498 | - | 0 | 13 | - | 1,511 | 124 | 1 | - | 125 | 1,559 | 11.44% | 0.50% |
| 4 | UNITED STATES | 1,406 | - | 0 | 3 | - | 1,409 | 112 | 1 | - | 113 | 1,409 | 10.34% | 0.00% |
| 5 | TAIWAN | 761 | - | 1 | 0 | - | 762 | 58 | 0 | - | 58 | 725 | 5.32% | 0.00% |
| 6 | FRANCE | 634 | - | 1 | 190 | - | 825 | 43 | 1 | - | 44 | 554 | 4.06% | 0.00% |
| 7 | IRELAND | 487 | - | 7 | 1 | - | 494 | 39 | 1 | - | 40 | 498 | 3.65% | 0.00% |
| 8 | JAPAN | 499 | - | 5 | 15 | - | 519 | 34 | 1 | - | 35 | 442 | 3.25% | 0.00% |
| 9 | GUERNSEY | 426 | - | 0 | - | - | 426 | 34 | 0 | - | 34 | 426 | 3.13% | 0.00% |
| 10 | NETHERLANDS | 414 | - | - | 12 | - | 426 | 33 | 1 | - | 34 | 420 | 3.08% | 0.00% |
| 11 | SPAIN | 325 | - | 0 | 10 | - | 335 | 26 | 1 | - | 27 | 334 | 2.45% | 0.00% |
| 12 | SINGAPORE | 323 | - | 4 | 0 | - | 327 | 26 | 0 | - | 26 | 328 | 2.41% | 0.00% |
| 13 | ITALY | 248 | - | 0 | 7 | - | 255 | 21 | 1 | - | 22 | 273 | 2.01% | 0.00% |
| 14 | BERMUDA | 211 | - | 0 | 0 | - | 211 | 17 | 0 | - | 17 | 211 | 1.55% | 0.00% |
| 15 | GERMANY | 199 | - | 1 | 29 | - | 229 | 15 | 1 | - | 16 | 203 | 1.49% | 0.75% |
| 16 | JERSEY, CHANNEL ISLANDS | 369 | - | 0 | - | - | 369 | 15 | 1 | - | 16 | 200 | 1.47% | 0.00% |
| 17 | DENMARK | 285 | - | 0 | 1 | - | 286 | 16 | 0 | - | 16 | 197 | 1.45% | 2.50% |
| 18 | HONG KONG | 174 | - | 4 | 0 | - | 178 | 14 | 0 | - | 14 | 178 | 1.31% | 1.00% |
| 19 | CANADA | 125 | - | 0 | 0 | - | 125 | 10 | 0 | - | 10 | 126 | 0.93% | 0.00% |
| 20 | SWITZERLAND | 142 | - | 0 | 39 | - | 181 | 10 | 0 | - | 10 | 126 | 0.92% | 0.00% |
| 21 | BAHRAIN | 78 | - | - | - | - | 78 | 8 | - | - | 8 | 95 | 0.69% | 0.00% |
| 22 | FINLAND | 72 | - | - | 2 | - | 74 | 6 | 0 | - | 6 | 74 | 0.54% | 0.00% |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 23 | BRITISH VIRGIN ISLANDS | 64 | - | 3 | - | - | 67 | 5 | 0 | - | 5 | 67 | 0.49% | 0.00% |
| 24 | AUSTRALIA | 31 | - | 14 | 41 | - | 86 | 3 | 2 | - | 5 | 60 | 0.44% | 1.00% |
| 25 | SWEDEN | 40 | - | 0 | 23 | - | 63 | 3 | 1 | - | 4 | 44 | 0.32% | 0.00% |
| 26 | UNITED ARAB EMIRATES | 88 | - | 0 | 0 | - | 88 | 4 | 0 | - | 4 | 44 | 0.32% | 0.00% |
| 27 | MALAYSIA | 45 | - | 0 | 0 | - | 45 | 2 | 0 | - | 2 | 27 | 0.20% | 0.00% |
| 28 | KOREA (SOUTH ) REP | 17 | - | 88 | 0 | - | 105 | 1 | 0 | - | 2 | 21 | 0.16% | 0.00% |
| 29 | BELGIUM | 21 | - | 0 | 2 | - | 22 | 2 | 0 | - | 2 | 21 | 0.15% | 0.00% |
| 30 | QATAR | 18 | - | - | 0 | - | 18 | 1 | 0 | - | 1 | 17 | 0.12% | 0.00% |
| 31 | ISRAEL | 28 | - | - | 0 | - | 28 | 1 | - | - | 1 | 15 | 0.11% | 0.00% |
| 32 | GIBRALTAR | 12 | - | - | - | - | 12 | 1 | 0 | - | 1 | 13 | 0.10% | 0.00% |
| 33 | CZECH REPUBLIC | 7 | - | - | 6 | - | 14 | 1 | 0 | - | 1 | 9 | 0.07% | 2.00% |
| 34 | THAILAND | 8 | - | 1 | 0 | - | 9 | 1 | 0 | - | 1 | 9 | 0.07% | 0.00% |
| 35 | RUSSIAN FEDERATION | 0 | - | 0 | 0 | - | 0 | 0 | 1 | - | 1 | 8 | 0.06% | 0.00% |
| 36 | MAURITIUS | 8 | - | 0 | - | - | 8 | 1 | 0 | - | 1 | 8 | 0.06% | 0.00% |
| 37 | GREECE | 6 | - | 0 | - | - | 6 | 0 | 0 | - | 0 | 6 | 0.04% | 0.00% |
| 38 | NEW ZEALAND | - | - | 1 | 3 | - | 4 | - | 0 | - | 0 | 5 | 0.04% | 0.00% |
| 39 | CYPRUS | 5 | - | - | - | - | 5 | 0 | - | - | 0 | 5 | 0.04% | 0.00% |
| 40 | BAHAMAS | 5 | - | - | - | - | 5 | 0 | - | - | 0 | 5 | 0.03% | 0.00% |
| 41 | PORTUGAL | 4 | - | 0 | 1 | - | 5 | 0 | 0 | - | 0 | 5 | 0.03% | 0.00% |
| 42 | PHILIPPINES | 4 | - | 0 | - | - | 4 | 0 | 0 | - | 0 | 4 | 0.03% | 0.00% |
| 43 | CHINA | 1 | - | 4 | 0 | - | 5 | 0 | 0 | - | 0 | 4 | 0.03% | 0.00% |
| 44 | INDONESIA | 2 | - | 2 | 0 | - | 4 | 0 | 0 | - | 0 | 4 | 0.03% | 0.00% |
| 45 | POLAND | 2 | - | 0 | - | - | 2 | 0 | 0 | - | 0 | 2 | 0.02% | 0.00% |
| 46 | ANDORRA | 2 | - | - | - | - | 2 | 0 | - | - | 0 | 2 | 0.01% | 0.00% |
| 47 | VENEZUELA | - | - | 0 | 0 | - | 0 | - | 0 | - | 0 | 1 | 0.01% | 0.00% |
| 48 | CHILE | 2 | - | - | - | - | 2 | 0 | - | - | 0 | 1 | 0.01% | 0.00% |
| 49 | ARGENTINA | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 50 | MOROCCO | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 51 | MEXICO | 0 | - | - | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 52 | TURKEY | 0 | - | - | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 53 | AUSTRIA | 0 | - | 0 | 1 | - | 1 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 54 | BRAZIL | 0 | - | 0 | 3 | - | 3 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 55 | MACAU/MACAO | 0 | - | - | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 56 | MONACO | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 57 | NORWAY | - | - | 0 | 2 | - | 2 | - | 0 | - | 0 | 0 | 0.00% | 2.50% |
| 58 | KENYA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 59 | PERU | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 60 | AZERBAIJAN | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 61 | COTE D'IVOIRE | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 62 | COLOMBIA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 63 | TANZANIA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 64 | BOTSWANA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 65 | JAMAICA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 66 | VIETNAM | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 67 | INDIA | 0 | - | - | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 68 | ISLE OF MAN | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 69 | KAZAKHSTAN | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 70 | ZAMBIA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 71 | SOUTH AFRICA | - | - | 0 | - | - | 0 | - | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 72 | GHANA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 73 | HUNGARY | - | - | 0 | - | - | 0 | - | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 74 | NIGERIA | - | - | 0 | - | - | 0 | - | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 75 | OTHER | 1 | - | - | - | - | 1 | 0 | - | - | 0 | 1 | 0.01% | 0.00% |
| | **Total** | **14,382** | **-** | **148** | **746** | **-** | **15,275** | **1,072** | **18** | **-** | **1,090** | **13,629** | | |

## Template UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer for NIP

The table shows the geographical breakdown of CCyB exposures for NIP as at 31st March 2023:

| | NIP | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $m | a | b | c | d | e | f | g | h | i | j | k | l | m |
| | | General credit exposures | | Relevant credit exposures – Market risk | | | | Own fund requirements | | | | | | |
| | Breakdown by Country: | Exposure value under the standardised approach | Exposure value under the IRB approach | Sum of long and short positions of trading book exposures for SA | Value of trading book exposures for internal models | Securitisation exposures Exposure value for non-trading book | Total exposure value | Relevant credit risk exposures - Credit risk | Relevant credit exposures – Market risk | Relevant credit exposures – Securitisation positions in the non-trading book | Total | Risk-weighted exposure amounts | Own fund requirements weights (%) | Countercyclical buffer rate (%) |
| 1 | UNITED KINGDOM | 2,805 | 0 | 10 | 171 | - | 2,986 | 185 | 2 | - | 187 | 2,337 | 18.52% | 1.00% |
| 2 | CAYMAN ISLANDS | 2,100 | - | 1 | 0 | - | 2,102 | 168 | 0 | - | 168 | 2,102 | 16.65% | 0.00% |
| 3 | UNITED STATES | 1,431 | - | 0 | 1 | - | 1,432 | 114 | 0 | - | 114 | 1,430 | 11.33% | 0.00% |
| 4 | LUXEMBOURG | 1,351 | - | 0 | 7 | - | 1,358 | 112 | 0 | - | 113 | 1,409 | 11.17% | 0.50% |
| 5 | TAIWAN | 761 | - | 1 | 0 | - | 762 | 58 | 0 | - | 58 | 725 | 5.75% | 0.00% |
| 6 | IRELAND | 479 | - | 7 | 0 | - | 486 | 38 | 1 | - | 39 | 489 | 3.87% | 0.00% |
| 7 | FRANCE | 587 | - | 1 | 95 | - | 683 | 36 | 1 | - | 36 | 453 | 3.59% | 0.00% |
| 8 | JAPAN | 499 | - | 5 | 8 | - | 511 | 35 | 0 | - | 35 | 441 | 3.49% | 0.00% |
| 9 | GUERNSEY | 426 | - | 0 | - | - | 426 | 34 | 0 | - | 34 | 426 | 3.37% | 0.00% |
| 10 | SINGAPORE | 323 | - | 4 | 0 | - | 327 | 26 | 0 | - | 26 | 328 | 2.60% | 0.00% |
| 11 | SPAIN | 305 | - | 0 | 2 | - | 307 | 24 | 0 | - | 24 | 305 | 2.42% | 0.00% |
| 12 | NETHERLANDS | 274 | - | - | 6 | - | 280 | 22 | 0 | - | 22 | 275 | 2.18% | 0.00% |
| 13 | BERMUDA | 210 | - | 0 | 0 | - | 210 | 17 | 0 | - | 17 | 210 | 1.66% | 0.00% |
| 14 | ITALY | 185 | - | 0 | 4 | - | 189 | 16 | 0 | - | 16 | 201 | 1.59% | 0.00% |
| 15 | JERSEY | 369 | - | 0 | - | - | 369 | 15 | 0 | - | 16 | 196 | 1.56% | 0.00% |
| 16 | DENMARK | 285 | - | 0 | 0 | - | 286 | 15 | 0 | - | 16 | 195 | 1.55% | 2.50% |
| 17 | HONG KONG | 174 | - | 4 | 0 | - | 178 | 14 | 0 | - | 14 | 178 | 1.41% | 1.00% |
| 18 | GERMANY | 164 | - | 1 | 15 | - | 180 | 13 | 0 | - | 13 | 165 | 1.31% | 0.75% |
| 19 | CANADA | 125 | - | 0 | 0 | - | 125 | 10 | 0 | - | 10 | 126 | 1.00% | 0.00% |
| 20 | SWITZERLAND | 130 | - | 0 | 20 | - | 149 | 9 | 0 | - | 9 | 112 | 0.89% | 0.00% |
| 21 | BAHRAIN | 78 | - | - | - | - | 78 | 8 | - | - | 8 | 95 | 0.75% | 0.00% |
| 22 | FINLAND | 69 | - | - | 1 | - | 70 | 5 | 0 | - | 6 | 70 | 0.55% | 0.00% |
| 23 | BRITISH VIRGIN ISLANDS | 64 | - | 3 | - | - | 67 | 5 | 0 | - | 5 | 67 | 0.53% | 0.00% |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 24 | AUSTRALIA | 31 | - | 14 | 20 | - | 66 | 2 | 2 | - | 4 | 50 | 0.40% | 1.00% |
| 25 | UNITED ARAB EMIRATES | 88 | - | 0 | 0 | - | 88 | 3 | 0 | - | 3 | 43 | 0.34% | 0.00% |
| 26 | SWEDEN | 33 | - | 0 | 7 | - | 40 | 2 | 0 | - | 2 | 29 | 0.23% | 1.00% |
| 27 | MALAYSIA | 44 | - | 0 | 0 | - | 45 | 2 | 0 | - | 2 | 27 | 0.22% | 0.00% |
| 28 | KOREA (SOUTH) REP | 17 | - | 88 | 0 | - | 105 | 1 | 0 | - | 2 | 21 | 0.17% | 0.00% |
| 29 | BELGIUM | 19 | - | 0 | 1 | - | 20 | 2 | 0 | - | 2 | 19 | 0.15% | 0.00% |
| 30 | QATAR | 17 | - | - | 0 | - | 17 | 1 | 0 | - | 1 | 17 | 0.13% | 0.00% |
| 31 | ISRAEL | 28 | - | - | 0 | - | 28 | 1 | - | - | 1 | 15 | 0.12% | 0.00% |
| 32 | THAILAND | 8 | - | 1 | 0 | - | 9 | 1 | 0 | - | 1 | 9 | 0.07% | 0.00% |
| 33 | CZECHIA | 7 | - | - | 3 | - | 10 | 1 | 0 | - | 1 | 8 | 0.07% | 2.00% |
| 34 | MAURITIUS | 8 | - | 0 | - | - | 8 | 1 | 0 | - | 1 | 8 | 0.06% | 0.00% |
| 35 | CYPRUS | 5 | - | - | - | - | 5 | 0 | - | - | 0 | 5 | 0.04% | 0.00% |
| 36 | BAHAMAS (THE) | 5 | - | - | - | - | 5 | 0 | - | - | 0 | 5 | 0.04% | 0.00% |
| 37 | PHILIPPINES | 4 | - | 0 | - | - | 4 | 0 | 0 | - | 0 | 4 | 0.03% | 0.00% |
| 38 | RUSSIAN FEDERATION | 0 | - | 0 | 0 | - | 0 | 0 | 0 | - | 0 | 4 | 0.03% | 0.00% |
| 39 | CHINA | 1 | - | 4 | 0 | - | 5 | 0 | 0 | - | 0 | 4 | 0.03% | 0.00% |
| 40 | INDONESIA | 2 | - | 2 | 0 | - | 4 | 0 | 0 | - | 0 | 4 | 0.03% | 0.00% |
| 41 | NEW ZEALAND | - | - | 1 | 2 | - | 2 | - | 0 | - | 0 | 3 | 0.02% | 0.00% |
| 42 | POLAND | 2 | - | 0 | - | - | 2 | 0 | 0 | - | 0 | 2 | 0.02% | 0.00% |
| 43 | ANDORRA | 2 | - | - | - | - | 2 | 0 | - | - | 0 | 2 | 0.01% | 0.00% |
| 44 | CHILE | 2 | - | - | - | - | 2 | 0 | - | - | 0 | 1 | 0.01% | 0.00% |
| 45 | PORTUGAL | 1 | - | 0 | 0 | - | 1 | 0 | 0 | - | 0 | 1 | 0.01% | 0.00% |
| 46 | VENEZUELA | - | - | 0 | 0 | - | 0 | - | 0 | - | 0 | 1 | 0.01% | 0.00% |
| 47 | ARGENTINA | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 48 | MOROCCO | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 49 | MEXICO | 0 | - | - | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 50 | AUSTRIA | 0 | - | 0 | 0 | - | 1 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 51 | TURKEY | 0 | - | - | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 52 | BRAZIL | 0 | - | 0 | 2 | - | 2 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 53 | MACAO | 0 | - | - | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 54 | MONACO | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 55 | KENYA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 56 | PERU | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 57 | CÔTE D'IVOIRE | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 58 | COLOMBIA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 59 | NORWAY | - | - | 0 | 1 | - | 1 | - | 0 | - | 0 | 0 | 0.00% | 2.50% |
| 60 | TANZANIA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 61 | BOTSWANA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 62 | JAMAICA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 63 | VIETNAM | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 64 | INDIA | 0 | - | - | 0 | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 65 | ISLE OF MAN | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 66 | KAZAKHSTAN | 0 | - | 0 | - | - | 0 | 0 | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 67 | ZAMBIA | 0 | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 68 | SOUTH AFRICA | - | - | 0 | - | - | 0 | - | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 69 | GHANA | - | - | - | - | - | 0 | 0 | - | - | 0 | 0 | 0.00% | 0.00% |
| 70 | GREECE | - | - | 0 | - | - | 0 | - | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 71 | HUNGARY | - | - | 0 | - | - | 0 | - | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 72 | NIGERIA | - | - | 0 | - | - | 0 | - | 0 | - | 0 | 0 | 0.00% | 0.00% |
| 73 | OTHER | 3 | - | - | - | - | 3 | 0 | - | - | 0 | 3 | 0.03% | 0.00% |
| | **Total** | **13,524** | **-** | **148** | **366** | **-** | **14,037** | **999** | **11** | **-** | **1,010** | **12,624** | | |

## Counterparty Credit Risk and Credit Risk

### Counterparty Credit Risk and Credit Risk 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 the Internal Model Method ("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 CRR 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 designated at "fair value through the P&L" rather than "held for trading" due to the expectation the Group will hold them for the long term. They are treated in line with the requirements of CRR, but are not considered material for the purposes of these disclosures.

## Template UK CCR1 – Analysis of CCR exposure by approach for the Group

The table provides Exposure at Default ("EAD") and CCR RWA by calculation method for the Group, with the exception of CVA charges or exposures cleared through a CCP as at 31st March 2023:

| | | The Group | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h |
| $m | | **Replacement cost (RC)** | **Potential future exposure (PFE)** | **EEPE** | **Alpha used for computing regulatory exposure value** | **Exposure value pre-CRM** | **Exposure value post-CRM** | **Exposure value** | **RWEA** |
| UK1 | Original Exposure Method (for derivatives) | | | | 1.4 | | | | |
| UK2 | Simplified SA-CCR (for derivatives) | | | | 1.4 | | | | |
| 1 | SA-CCR (for derivatives) | 2,026 | 3,711 | | 1.4 | 9,999 | 7,912 | 7,860 | 4,521 |
| 2 | IMM (for derivatives and SFTs) | | | 10,001 | 1.4 | 465,067 | 13,938 | 13,881 | 7,674 |
| 2a | *Of which securities financing transactions netting sets* | | | 3,921 | | 438,668 | 5,427 | 5,427 | 2,012 |
| 2b | *Of which derivatives and long settlement transactions netting sets* | | | 6,080 | | 26,399 | 8,511 | 8,454 | 5,662 |
| 2c | *Of which from contractual cross-product netting sets* | | | | | | | | |
| 3 | Financial collateral simple method (for SFTs) | | | | | | | | |
| 4 | Financial collateral comprehensive method (for SFTs) | | | | | 80,668 | 10,247 | 10,247 | 4,125 |
| 5 | VaR for SFTs | | | | | | | | |
| 6 | **Total** | | | | | **555,734** | **32,097** | **31,988** | **16,320** |

RWEAs increased as a result of increased securities financing transactions and derivative exposure compared to 30th September 2022.

## Template UK CCR1 – Analysis of CCR exposure by approach for NIP

The table provides EAD and CCR RWA by calculation method for NIP, with the exception of CVA charges or exposures cleared through a CCP as at 31st March 2023:

| | | NIP | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | $m | a | b | c | d | e | f | g | h |
| | | Replacement cost (RC) | Potential future exposure (PFE) | EEPE | Alpha used for computing regulatory exposure value | Exposure value pre-CRM | Exposure value post-CRM | Exposure value | RWEA |
| UK1 | Original Exposure Method (for derivatives) | | | | | | | | |
| UK2 | Simplified SA-CCR (for derivatives) | | | | | | | | |
| 1 | SA-CCR (for derivatives) | 1,799 | 3,410 | | 1.4 | 7,601 | 7,166 | 7,116 | 3,822 |
| 2 | IMM (for derivatives and SFTs) | | | 9,563 | 1.4 | 467,965 | 13,337 | 13,287 | 7,147 |
| 2a | *Of which securities financing transactions netting sets* | | | 3,879 | | 445,134 | 5,381 | 5,381 | 1,965 |
| 2b | *Of which derivatives and long settlement transactions netting sets* | | | 5,684 | | 22,832 | 7,956 | 7,906 | 5,182 |
| 2c | *Of which from contractual cross-product netting sets* | | | | | | | | |
| 3 | Financial collateral simple method (for SFTs) | | | | | | | | |
| 4 | Financial collateral comprehensive method (for SFTs) | | | | | 162,993 | 11,261 | 11,260 | 4,063 |
| 5 | VaR for SFTs | | | | | | | | |
| 6 | **Total** | | | | | **638,559** | **31,764** | **31,663** | **15,032** |

RWEAs decreased as a result of decreased derivatives exposure compared to 31st March 2022.

## Template UK CCR2 – Transactions subject to own funds requirements for CVA risk for the Group and NIP

The table shows the EAD and RWA by standardised and advanced approaches for the Group and NIP:

| | $m | The Group | | NIP | |
|---|---|---|---|---|---|
| | | a | b | a | b |
| | | Exposure value | RWEA | Exposure value | RWEA |
| 1 | Total transactions subject to the Advanced method | 5,627 | 1,342 | 4,882 | 1,223 |
| 2 | (i) VaR component (including the 3× multiplier) | | 457 | | 418 |
| 3 | (ii) stressed VaR component (including the 3× multiplier) | | 885 | | 805 |
| 4 | Transactions subject to the Standardised method | 4,371 | 1,734 | 3,705 | 1,513 |
| UK4 | Transactions subject to the Alternative approach (Based on the Original Exposure Method) | - | - | - | - |
| 5 | **Total transactions subject to own funds requirements for CVA risk** | **9,998** | **3,076** | **8,587** | **2,736** |

No material movement was observed in CVA risk for the Group compared to 30th September 2022.

NIP observed a decrease in CVA under the Standardised method compared to 31st March September 2022.

## Template UK CCR7 – RWEA flow statements of CCR exposures under the IMM for the Group

The table shows how the RWEA under the IMM have changed over the prior quarter for the Group:

| $m | | The Group |
|---|---|---|
| | | a |
| | | RWEA |
| **1** | **RWEA as at 31st December 2022** | **7,687** |
| 2 | Asset size | 2 |
| 3 | Credit quality of counterparties | (15) |
| 4 | Model updates (IMM only) | - |
| 5 | Methodology and policy (IMM only) | - |
| 6 | Acquisitions and disposals | - |
| 7 | Foreign exchange movements | - |
| 8 | Other | - |
| **9** | **RWEA as at 31st March 2023** | **7,674** |

No material change was observed in RWEA under the IMM for the Group over the period.

## Template UK CCR7 – RWEA flow statements of CCR exposures under the IMM for NIP

The table shows how the RWEA under the IMM have changed over the prior quarter for the Group and the prior year for NIP:

| $m | | NIP |
|---|---|---|
| | | a |
| | | RWEA |
| **1** | **RWEA as at 31st March 2022** | 8,004 |
| 2 | Asset size | (168) |
| 3 | Credit quality of counterparties | (66) |
| 4 | Model updates (IMM only) | (623) |
| 5 | Methodology and policy (IMM only) | - |
| 6 | Acquisitions and disposals | - |
| 7 | Foreign exchange movements | - |
| 8 | Other | - |
| **9** | **RWEA as at 31st March 2023** | 7,147 |

The decrease in RWAs for the NIP was due to IMM model updates for SFTs and changes in the composition of the portfolio, offset by an increase due to IMM model updates for Inflation products.

## 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.

A two notch downgrade in the credit rating of NSC would trigger the pledge of a further $181m of collateral for the Group.

## Template UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights for the Group

The table provides the counterparty credit risk exposures for the standardised approach broken down by risk weights and regulatory exposure classes, excluding RWEA derived from own funds requirements for CVA risk but includes exposures cleared through a CCP, for the Group as at 31st March 2023:

| | | The Group | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Risk weight | | | | | | | | | | | |
| | Exposure classes $m | a | b | c | d | e | f | g | h | i | j | k | l |
| | | 0% | 2% | 4% | 10% | 20% | 50% | 70% | 75% | 100% | 150% | Others | Total exposure value |
| 1 | Central governments or central banks | 1,206 | - | - | - | 1,134 | 31 | - | - | 16 | - | - | 2,387 |
| 2 | Regional government or local authorities | 40 | - | - | - | 0 | 0 | - | - | 0 | - | - | 40 |
| 3 | Public sector entities | 587 | - | - | - | 936 | 16 | - | - | 39 | - | - | 1,578 |
| 4 | Multilateral development banks | 237 | - | - | - | 17 | - | - | - | - | - | - | 254 |
| 5 | International organisations | 1 | - | - | - | - | - | - | - | - | - | - | 1 |
| 6 | Institutions | - | 2,911 | 4 | - | 10,339 | 5,306 | - | - | 139 | - | - | 18,699 |
| 7 | Corporates | - | - | - | - | 278 | 1,719 | - | - | 9,759 | 206 | - | 11,962 |
| 8 | Retail | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Other items | - | - | - | - | - | - | - | - | - | - | - | - |
| **11** | **Total exposure value** | **2,071** | **2,911** | **4** | **-** | **12,704** | **7,072** | **-** | **-** | **9,953** | **206** | **-** | **34,921** |

Exposures have decreased primarily in the Central governments or central banks and Public sector entities classes and increased in the Institutions and Corporates exposure classes compared to 30th September 2022.

## Template UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights for NIP

The table provides the counterparty credit risk exposures for the standardised approach broken down by risk weights and regulatory exposure classes, excluding RWEA derived from own funds requirements for CVA risk but includes exposures cleared through a CCP, for NIP as at 31st March 2023:

| | | NIP | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exposure classes $m | Risk weight | | | | | | | | | | | |
| | | a | b | c | d | e | f | g | h | i | j | k | l |
| | | 0% | 2% | 4% | 10% | 20% | 50% | 70% | 75% | 100% | 150% | Others | Total exposure value |
| 1 | Central governments or central banks | 1,122 | - | - | - | 1,134 | 0 | - | - | 3 | - | - | 2,259 |
| 2 | Regional government or local authorities | 29 | - | - | - | 0 | 0 | - | - | 0 | - | - | 29 |
| 3 | Public sector entities | 479 | - | - | - | 890 | 0 | - | - | 39 | - | - | 1,408 |
| 4 | Multilateral development banks | 237 | - | - | - | 17 | - | - | - | - | - | - | 254 |
| 5 | International organisations | 1 | - | - | - | - | - | - | - | - | - | - | 1 |
| 6 | Institutions | 1,329 | 2,168 | 4 | - | 10,894 | 4,264 | - | - | 81 | - | - | 18,740 |
| 7 | Corporates | - | - | - | - | 274 | 1,664 | - | - | 9,030 | 195 | - | 11,163 |
| 8 | Retail | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Other items | - | - | - | - | - | - | - | - | - | - | - | - |
| **11** | **Total exposure value** | **3,197** | **2,168** | **4** | **-** | **13,209** | **5,928** | **-** | **-** | **9,153** | **195** | **-** | **33,854** |

Exposures have decreased primarily in the Central governments or central banks, Institutions and Corporates exposure classes compared to 31st March 2022.

## Template UK CCR5 – Composition of collateral for CCR exposures for the Group

The table presents information on composition of fair values of collateral used in counterparty credit risk exposure related to both derivative transactions and securities financing transactions for the Group as at 31st March 2023:

| | $m | The Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f |
| | | Collateral used in derivatives transactions | | | | Collateral used in securities financing transactions (SFTs) | |
| | Collateral type | Fair value of collateral received | | Fair value of collateral posted | | Fair value of collateral received | Fair value of collateral posted |
| | | Segregated | Unsegregated | Segregated | Unsegregated | | |
| 1 | Cash | 40 | 21,972 | - | 11,896 | 199,460 | 216,270 |
| 2 | Debt | 2,973 | 2,179 | - | 633 | 258,611 | 241,289 |
| 3 | Equity | 147 | - | - | - | 16,013 | 14,299 |
| 4 | Other | - | - | - | - | 17 | 579 |
| **5** | **Total** | **3,160** | **24,151** | **-** | **12,529** | **474,101** | **472,437** |

Cash and Equity collateral received and posted in securities financing transactions has increased compared to 30th September 2022.

## Template UK CCR5 – Composition of collateral for CCR exposures for NIP

The table presents information on composition of fair values of collateral used in counterparty credit risk exposure related to both derivative transactions and securities financing transactions for NIP as at 31st March 2023:

| | $m | NIP | | | | | |
|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f |
| | | Collateral used in derivatives transactions | | | | Collateral used in securities financing transactions (SFTs) | |
| | Collateral type | Fair value of collateral received | | Fair value of collateral posted | | Fair value of collateral received | Fair value of collateral posted |
| | | Segregated | Unsegregated | Segregated | Unsegregated | | |
| 1 | Cash | 21 | 19,375 | - | 8,473 | 199,325 | 212,021 |
| 2 | Debt | 2,897 | 2,017 | - | 625 | 254,707 | 241,658 |
| 3 | Equity | 147 | - | - | - | 16,013 | 14,299 |
| 4 | Other | - | - | - | - | 30 | 59 |
| **5** | **Total** | **3,065** | **21,392** | **-** | **9,098** | **470,075** | **468,037** |

Cash, Debt and Equity collateral received and posted in securities financing transactions has increased compared to 31st March 2022.

## Template UK CCR6 – Credit derivatives exposures for the Group and NIP

The table shows the credit derivative hedges bought and sold as well as split into product types for the Group and NIP as at 31st March 2023:

| | $m | The Group | | NIP | |
|---|---|---|---|---|---|
| | | a | b | a | b |
| | | Protection bought | Protection sold | Protection bought | Protection sold |
| | **Notionals** | | | | |
| 1 | Single-name credit default swaps | 40,838 | 40,215 | 41,324 | 40,205 |
| 2 | Index credit default swaps | 56,979 | 57,213 | 56,811 | 56,997 |
| 3 | Total return swaps | 399 | 574 | 399 | 574 |
| 4 | Credit options | 549 | 304 | 549 | 304 |
| 5 | Other credit derivatives | - | - | - | - |
| 6 | **Total notionals** | **98,765** | **98,306** | **99,083** | **98,080** |
| | **Fair values** | | | | |
| 7 | Positive fair value (asset) | 834 | 1,406 | 795 | 1,368 |
| 8 | Negative fair value (liability) | (1,333) | (1,047) | (1,303) | (981) |

Credit derivative notionals decreased compared to 30th September 2022 for the Group and 31st March 2022 for NIP, due to a reduction in protection bought and sold on index and single name credit default swaps.

## Template UK CCR8: Exposures to CCPs for the Group and NIP

The table shows EAD and RWEA to qualifying central counterparties ("QCCP") and non-qualifying central counterparties ("N-QCCP") for the Group and NIP as at 31st March 2023:

| $m | | The Group | | NIP | |
|---|---|---|---|---|---|
| | | a | b | a | b |
| | | Exposure value | RWEA | Exposure value | RWEA |
| **1** | **Exposures to QCCPs (total)** | | **143** | | **112** |
| 2 | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | 1,858 | 37 | 1,624 | 32 |
| 3 | (i) OTC derivatives | 729 | 15 | 559 | 11 |
| 4 | (ii) Exchange-traded derivatives | 120 | 2 | 120 | 2 |
| 5 | (iii) SFTs | 1,009 | 20 | 945 | 19 |
| 6 | (iv) Netting sets where cross-product netting has been approved | | | | |
| 7 | Segregated initial margin | | | | |
| 8 | Non-segregated initial margin | 1,070 | 21 | 545 | 11 |
| 9 | Prefunded default fund contributions | 401 | 85 | 362 | 69 |
| 10 | Unfunded default fund contributions | 1,135 | | 1,037 | - |
| **11** | **Exposures to non-QCCPs (total)** | | **18** | | **18** |
| 12 | Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which | 18 | 18 | 18 | 18 |
| 13 | (i) OTC derivatives | | | | |
| 14 | (ii) Exchange-traded derivatives | | | | |
| 15 | (iii) SFTs | 18 | 18 | 18 | 18 |
| 16 | (iv) Netting sets where cross-product netting has been approved | | | | |
| 17 | Segregated initial margin | | | | |
| 18 | Non-segregated initial margin | | | | |
| 19 | Prefunded default fund contributions | | | | |
| 20 | Unfunded default fund contributions | | | | |

No material movement in RWEA on exposures to QCCPs compared to 30th September 2022 for the Group and 31st March 2022 for NIP.

RWEA on SFT exposures to non-QCCPs decreased compared to 30th September 2022 for the Group and 31st March 2022 for NIP.

# Credit Risk

Credit risk is concerned with the risk that a counterparty may default on its obligations before settlement. Credit risk is primarily driven by the non-trading book and covers exposures which are both on and off balance sheet.

## Template UK CR4 – standardised approach – Credit risk exposure and CRM effects for the Group

The table below shows the effect of Credit risk mitigation ("CRM") and Credit conversion factors ("CCF") on credit risk exposures split by on balance sheet and off balance sheet as well as exposure classes for the Group as at 31st March 2023:

| | | The Group | | | | | |
|---|---|---|---|---|---|---|---|
| | Exposure classes $m | Exposures before CCF and before CRM | | Exposures post CCF and post CRM | | RWAs and RWAs density | |
| | | On-balance-sheet exposures | Off-balance-sheet exposures | On-balance-sheet exposures | Off-balance-sheet amount | RWAs | RWAs density (%) |
| | | a | b | c | d | e | f |
| 1 | Central governments or central banks | 6,221 | - | 6,221 | - | 25 | 0.40% |
| 2 | Regional government or local authorities | 0 | - | 0 | - | 0 | 150.00% |
| 3 | Public sector entities | 0 | - | 0 | - | 0 | 31.10% |
| 4 | Multilateral development banks | 0 | - | 0 | - | 0 | 7.10% |
| 5 | International organisations | 0 | - | 0 | - | - | 0.00% |
| 6 | Institutions | 2,904 | 107 | 2,904 | 54 | 612 | 20.69% |
| 7 | Corporates | 1,559 | 2,349 | 1,531 | 796 | 2,280 | 98.04% |
| 8 | Retail | - | - | - | - | - | 0.00% |
| 9 | Secured by mortgages on immovable property | - | - | - | - | - | 0.00% |
| 10 | Exposures in default | - | - | - | - | - | 0.00% |
| 11 | Exposures associated with particularly high risk | 33 | 0 | 33 | 0 | 50 | 150.00% |
| 12 | Covered bonds | - | - | - | - | - | 0.00% |
| 13 | Institutions and corporates with a short-term credit assessment | - | - | - | - | - | 0.00% |
| 14 | Collective investment undertakings | 3 | - | 3 | - | 31 | 1250.00% |
| 15 | Equity | 11 | - | 11 | - | 11 | 100.00% |
| 16 | Other items | 102 | 0 | 102 | 0 | 101 | 99.52% |
| 17 | **Total** | **10,833** | **2,456** | **10,805** | **850** | **3,110** | **26.89%** |

RWAs on exposures to Corporates increased compared to 30th September 2022 for the Group.

## Template UK CR4 – standardised approach – Credit risk exposure and CRM effects for NIP

The table below shows the effect of CRM and CCFs on credit risk exposures split by on balance sheet and off balance sheet as well as exposure classes for NIP as at 31st March 2023:

| | | NIP | | | | | |
|---|---|---|---|---|---|---|---|
| | Exposure classes $m | Exposures before CCF and before CRM | | Exposures post CCF and post CRM | | RWAs and RWAs density | |
| | | On-balance-sheet exposures | Off-balance-sheet exposures | On-balance-sheet exposures | Off-balance-sheet amount | RWAs | RWAs density (%) |
| | | a | b | c | d | e | f |
| 1 | Central governments or central banks | 3,938 | - | 3,938 | - | 25 | 0.63% |
| 2 | Regional government or local authorities | 0 | - | 0 | - | 0 | 150.00% |
| 3 | Public sector entities | 0 | - | 0 | - | 0 | 31.10% |
| 4 | Multilateral development banks | 0 | - | 0 | - | 0 | 7.10% |
| 5 | International organisations | - | - | 0 | - | - | 0.00% |
| 6 | Institutions | 1,086 | 733 | 1,086 | 366 | 241 | 16.58% |
| 7 | Corporates | 1,414 | 2,488 | 1,414 | 866 | 2,168 | 95.11% |
| 8 | Retail | - | - | - | - | - | 0.00% |
| 9 | Secured by mortgages on immovable property | - | - | - | - | - | 0.00% |
| 10 | Exposures in default | - | - | - | - | - | 0.00% |
| 11 | Exposures associated with particularly high risk | 33 | 0 | 33 | 0 | 50 | 150.00% |
| 12 | Covered bonds | - | - | - | - | - | 0.00% |
| 13 | Institutions and corporates with a short-term credit assessment | - | - | - | - | - | 0.00% |
| 14 | Collective investment undertakings | 3 | - | 3 | - | 31 | 1250.00% |
| 15 | Equity | 24 | - | 24 | - | 24 | 100.00% |
| 16 | Other items | 71 | - | 71 | - | 71 | 100.00% |
| 17 | **Total** | 6,569 | 3,221 | 6,569 | 1,232 | 2,610 | 33.45% |

RWAs on exposures to Corporates and Institutions increased compared to 31st March 2022 for NIP.

## Template UK CR5 – standardised approach for the Group

The table below shows the breakdown of credit risk exposures by risk weight and exposure classes for the Group.

Exposures are after CRM and CCF as at 31st March 2023:

| | | The Group | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exposure classes $m | Risk weight | | | | | | | | | | | | | | | Total | Of which unrated |
| | | 0% | 2% | 4% | 10% | 20% | 35% | 50% | 70% | 75% | 100% | 150% | 250% | 370% | 1250% | Others | | |
| | | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o | p | q |
| 1 | Central governments or central banks | 6,196 | - | - | - | 0 | - | 1 | - | - | 24 | - | - | - | - | - | 6,221 | 1,372 |
| 2 | Regional government or local authorities | - | - | - | - | - | - | - | - | - | - | 0 | - | - | - | - | 0 | - |
| 3 | Public sector entities | - | - | - | - | 0 | - | 0 | - | - | - | - | - | - | - | - | 0 | 0 |
| 4 | Multilateral development banks | 0 | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | 0 | 0 |
| 5 | International organisations | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | 0 |
| 6 | Institutions | - | - | - | - | 2,890 | - | 68 | - | - | 0 | - | - | - | 0 | - | 2,958 | 1,058 |
| 7 | Corporates | - | - | - | - | 3 | - | 213 | - | - | 1,985 | 126 | - | - | 0 | - | 2,327 | 2,143 |
| 8 | Retail exposures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Exposures secured by mortgages on immovable property | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Exposures in default | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Exposures associated with particularly high risk | - | - | - | - | - | - | - | - | - | - | 33 | - | - | - | - | 33 | 33 |
| 12 | Covered bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Units or shares in collective investment undertakings | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 | - | 3 | 3 |
| 15 | Equity exposures | - | - | - | - | - | - | - | - | - | 11 | - | - | - | - | - | 11 | 11 |
| 16 | Other items | 0 | - | - | - | - | - | - | - | - | 102 | - | - | - | - | - | 102 | 102 |
| **17** | **TOTAL** | **6,196** | **-** | **-** | **-** | **2,893** | **-** | **282** | **-** | **-** | **2,122** | **159** | **-** | **-** | **3** | **-** | **11,655** | **4,722** |

## Template UK CR5 – standardised approach for NIP

The table below shows the breakdown of credit risk exposures by risk weight and exposure classes for NIP.

Exposures are after CRM and CCF as at 31st March 2023

| | | NIP | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Exposure classes $m** | **Risk weight** | | | | | | | | | | | | | | | **Total** | **Of which unrated** |
| | | **0%** | **2%** | **4%** | **10%** | **20%** | **35%** | **50%** | **70%** | **75%** | **100%** | **150%** | **250%** | **370%** | **1250%** | **Others** | | |
| | | **a** | **b** | **c** | **d** | **e** | **f** | **g** | **h** | **i** | **j** | **k** | **l** | **m** | **n** | **o** | **p** | **q** |
| 1 | Central governments or central banks | 3,913 | - | - | - | 0 | - | 1 | - | - | 24 | - | - | - | - | - | 3,938 | 47 |
| 2 | Regional government or local authorities | - | - | - | - | - | - | - | - | - | - | 0 | - | - | - | - | 0 | - |
| 3 | Public sector entities | - | - | - | - | 0 | - | 0 | - | - | - | - | - | - | - | - | 0 | 0 |
| 4 | Multilateral development banks | 0 | - | - | - | 0 | - | - | - | - | - | - | - | - | - | - | 0 | 0 |
| 5 | International organisations | 0 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | 0 |
| 6 | Institutions | 348 | - | - | - | 1,040 | - | 64 | - | - | 0 | - | - | - | 0 | - | 1,452 | 641 |
| 7 | Corporates | - | - | - | - | 74 | - | 213 | - | - | 1,886 | 107 | - | - | 0 | - | 2,280 | 2,041 |
| 8 | Retail exposures | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 9 | Exposures secured by mortgages on immovable property | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Exposures in default | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 11 | Exposures associated with particularly high risk | - | - | - | - | - | - | - | - | - | - | 33 | - | - | - | - | 33 | 33 |
| 12 | Covered bonds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 13 | Exposures to institutions and corporates with a short-term credit assessment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Units or shares in collective investment undertakings | - | - | - | - | - | - | - | - | - | - | - | - | - | 3 | - | 3 | 3 |
| 15 | Equity exposures | - | - | - | - | - | - | - | - | - | 24 | - | - | - | - | - | 24 | 24 |
| 16 | Other items | - | - | - | - | - | - | - | - | - | 71 | - | - | - | - | - | 71 | 71 |
| **17** | **TOTAL** | **4,261** | **-** | **-** | **-** | **1,114** | **-** | **278** | **-** | **-** | **2,005** | **140** | **-** | **-** | **3** | **-** | **7,801** | **2860** |

## Movements in Credit risk over the period

**The Group**

Standardised approach exposure has decreased with Central Banks, mainly driven by a reduction in deposits with Bank of England and Bundesbank, and increased to institutions, due to an increase in loan commitments, compared to September 2022.

**NIP**

Standardised approach exposure has decreased with Central Banks, due to a reduction in deposits with Bank of England, and increased to institutions, due to an increase in loan commitments, compared to 31st March 2022.

## Template UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques for the Group

The table below shows the carrying values of exposures for loans and debt securities for the Group as at 31st March 2023:

| | | The Group | | | | |
|---|---|---|---|---|---|---|
| $m | | Unsecured carrying amount | Secured carrying amount | | | |
| | | | | Of which secured by collateral | Of which secured by financial guarantees | |
| | | | | | | Of which secured by credit derivatives |
| | | a | b | c | d | e |
| 1 | Loans and advances | 20,037 | 70,342 | 70,342 | - | - |
| 2 | Debt securities | 966 | - | - | - | |
| 3 | **Total** | **21,003** | **70,342** | **70,342** | **-** | **-** |
| 4 | Of which: Non-performing exposures | - | - | - | - | - |
| 5 | Of which: Defaulted | - | - | | | |

## Template UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques for NIP

The table below shows the carrying values of exposures for loans and debt securities for NIP as at 31st March 2023:

| | | NIP | | | | |
|---|---|---|---|---|---|---|
| $m | | Unsecured carrying amount | Secured carrying amount | | | |
| | | | | Of which secured by collateral | Of which secured by financial guarantees | |
| | | | | | | Of which secured by credit derivatives |
| | | a | b | c | d | e |
| 1 | Loans and advances | 10,554 | 69,234 | 69,234 | | |
| 2 | Debt securities | - | - | - | - | |
| 3 | **Total** | **10,554** | **69,234** | **69,234** | **-** | **-** |
| 4 | Of which: Non-performing exposures | - | - | - | - | - |
| 5 | Of which: Defaulted | - | - | - | - | - |

# Operational Risk

Operational risk is the risk of financial loss or non-financial impact arising from inadequate or failed internal processes, people and systems, or from external events. Operational Risk includes in its definition Compliance, Legal, IT and Cyber Security, Fraud, Third Party and other non-financial risks. Operational Risk does not include strategic risk and reputational risk, however, some operational risks can lead to reputational issues and as such operational and reputational risks may be closely linked.

### 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: All Businesses and employees have a responsibility to manage the risk within their business unit;
- 2nd Line of Defence: Global Operational Risk Management, which is responsible for and co-ordinates the Operational Risk Management Framework and oversees its implementation under the provision of the Global Operational Risk Management Policy. Additionally, Corporate Function Heads have specific 2LoD responsibilities for individual risk types
- 3rd Line of Defence: Internal and External 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.

## Template UK OR1 – Operational risk own funds requirements and risk-weighted exposure amounts for the Group

The below table shows the breakdown of Operational risk own funds requirements and risk-weighted exposure amounts for the Group as at 31st March 2023:

| $m | | The Group | | | | |
|---|---|---|---|---|---|---|
| Banking activities | | a | b | c | d | e |
| | | Relevant indicator | | | Own funds requirements | Risk weighted exposure amount |
| | | Year-3 | Year-2 | Last year | | |
| 1 | Banking activities subject to basic indicator approach (BIA) | - | - | - | - | - |
| 2 | Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches | 1,827 | 1,187 | 1,387 | 256 | 3,204 |
| 3 | *Subject to TSA:* | 1,827 | 1,187 | 1,387 | | |
| 4 | *Subject to ASA:* | - | - | - | | |
| 5 | Banking activities subject to advanced measurement approaches AMA | - | - | - | - | - |

## Template UK OR1 – Operational risk own funds requirements and risk-weighted exposure amounts for NIP

The below table shows the breakdown of Operational risk own funds requirements and risk-weighted exposure amounts for NIP as at 31st March 2023:

| $m | | NIP | | | | |
|---|---|---|---|---|---|---|
| Banking activities | | a | b | c | d | e |
| | | Relevant indicator | | | Own funds requirements | Risk weighted exposure amount |
| | | Year-3 | Year-2 | Last year | | |
| 1 | Banking activities subject to basic indicator approach (BIA) | - | - | - | - | - |
| 2 | Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches | 1,755 | 1,076 | 1,243 | 244 | 3,056 |
| 3 | *Subject to TSA:* | 1,755 | 1,076 | 1,243 | | |
| 4 | *Subject to ASA:* | - | - | - | | |
| 5 | Banking activities subject to advanced measurement approaches AMA | - | - | - | - | - |

# 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 available.

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 and funding 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 amortised over the life of the contract, until the parameters become observable at which point the gain or loss is fully released.

## 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 Valuations Control Group ("VCG"), part of Global Middle Office 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 mark our financial instruments, the VCG are responsible for independently verifying or validating these marks. This group reports to the Global Head of Middle Office and to the NEHS 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, closeout cost uncertainty, concentration and non-performance risk. In compliance with CRR, PVA is calculated for all fair valued items in both the trading book and non-trading book.

## Template UK PV1 – Prudent valuation adjustments (PVA) for the Group

Prudent valuation adjustments for the Group as at 31st March 2023:

| $m | | The Group | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | UK e1 | UK e2 | f | g | h |
| | | Risk category | | | | | Category level AVA - Valuation uncertainty | | Total category level post-diversification | | |
| | Category level AVA | Equity | Interest Rates | Foreign exchange | Credit | Commodities | Unearned credit spreads AVA | Investment and funding costs AVA | | Of which: Total core approach in the trading book | Of which: Total core approach in the banking book |
| 1 | Market price uncertainty | 5 | 15 | 14 | 17 | - | 39 | 27 | 58 | 58 | - |
| 3 | Close-out cost | 0 | 8 | 9 | 8 | - | 34 | 8 | 34 | 34 | - |
| 4 | Concentrated positions | 0 | 0 | 0 | 13 | - | | | 13 | 13 | - |
| 5 | Early termination | - | - | - | - | - | | | - | - | - |
| 6 | Model risk | - | - | - | - | - | - | - | - | - | - |
| 7 | Operational risk | 0 | 3 | 1 | 5 | - | | | 9 | 9 | - |
| 10 | Future administrative costs | - | 9 | - | 1 | - | | | 10 | 10 | - |
| 12 | **Total Additional Valuation Adjustments (AVAs)** | | | | | | | | 124 | 124 | - |

## Template UK PV1 – Prudent valuation adjustments (PVA) for NIP

Prudent valuation adjustments for NIP as at 31st March 2023:

| $m | | NIP | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | UK e1 | UK e2 | f | g | h |
| | | Risk category | | | | | Category level AVA - Valuation uncertainty | | Total category level post-diversification | | |
| | Category level AVA | Equity | Interest Rates | Foreign exchange | Credit | Commodities | Unearned credit spreads AVA | Investment and funding costs AVA | | Of which: Total core approach in the trading book | Of which: Total core approach in the banking book |
| 1 | Market price uncertainty | 5 | 15 | 14 | 15 | - | 36 | 23 | 55 | 55 | - |
| 3 | Close-out cost | 0 | 8 | 9 | 8 | - | 33 | 8 | 33 | 33 | - |
| 4 | Concentrated positions | 0 | 0 | 0 | 13 | - | - | - | 13 | 13 | - |
| 5 | Early termination | - | - | - | - | - | - | - | - | - | - |
| 6 | Model risk | - | - | - | - | - | - | - | - | - | - |
| 7 | Operational risk | 0 | 3 | 1 | 5 | - | - | - | 9 | 9 | - |
| 10 | Future administrative costs | - | 9 | - | 1 | - | - | - | 10 | 10 | - |
| 12 | **Total Additional Valuation Adjustments (AVAs)** | | | | | | | | 120 | 120 | - |

# 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 analyses. 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 approach, such as 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 including, but not limited to, Value at Risk ("VaR"), Stressed VaR ("SVaR") and Incremental Risk Charge ("IRC").

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 exposures 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 the regulatory capital calculation and backtesting processes, the higher of the 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. The 1-year stress window used in SVaR for internal risk management is calibrated at the Nomura group level, while a window that is specific to NEHS is used for regulatory reporting. SVaR is in both cases calculated using 10-day time horizon. 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 for regulatory reporting is the optimal one-year window, which is calibrated daily by maximising SVaR over a rolling one-year window between start of 2008 and the reporting date.

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

Within the Group, a measure of economic capital (Nomura Capital Allocation Target or "NCAT") is monitored by MRM, which is facilitated through the Portfolio Risk element of the Risk Appetite discussed at the NEHS BRC. The NEHS 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 for monitoring whether risk remains within the Board's risk appetite, but not for capital adequacy. 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.

### Information on intragroup transactions and transactions with related parties that may have a material impact on the risk profile of the Group

The Group has a large number of intragroup transactions with entities across different jurisdictions. NIP, in particular given its role as Nomura's global booking entity, enters into intragroup transactions to support client facilitation and risk management across Nomura's global legal entities.
Intragroup credit limits are set to manage exposures, in line with the Inter-Affiliate Exposure Management Procedure. These limits are approved by the NEHS Head of Credit Risk and the Global Head of Credit Risk to ensure compliance with the Global Approval Authority framework. Risk mitigation can be achieved by a combination of different approaches, including but not limited to: (i) collateralisation (both VM and IA), (ii) eligible hedges, (iii) trade novations and (iv) limit management. For Market risk the majority of the risk in Rates, Traded Credit & non-linear FX businesses are transferred to Nomura Financial Products and Services, Inc. ("NFPS") through inter entity trade bookings. NFPS is the entity used to warehouse and manage the market risk of derivatives and securities positions for the Nomura Group. The remaining market risks in the Group are mostly those which cannot be transferred out to other entities including primarily CVA and FVA risks, the lending portfolio and small positions in other desks.

### 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

## Template UK MR1 – Market risk under the standardised approach for the Group and NIP

The table shows a breakdown of RWEA for market risk calculated under the standardised approach for the Group and NIP as at 31st March 2023:

| $m | | The Group | NIP |
|---|---|---|---|
| | | a | a |
| | | RWEAs | RWEAs |
| | **Outright products** | | |
| 1 | Interest rate risk (general and specific) | 648 | 649 |
| 2 | Equity risk (general and specific) | 43 | 43 |
| 3 | Foreign exchange risk | 489 | 476 |
| 4 | Commodity risk | - | - |
| | **Options** | | |
| 5 | Simplified approach | - | - |
| 6 | Delta-plus approach | - | - |
| 7 | Scenario approach | - | - |
| 8 | Securitisation (specific risk) | - | - |
| 9 | **Total** | **1,180** | **1,168** |

Total RWEAs for the Group decreased compared to 30th September 2022 mainly driven by a decrease in foreign exchange risk during the period.

Total RWEAs for NIP decreased compared to 31st March 2022 mainly driven mainly driven by reduction in general interest rate risk in the portfolio and portfolio novation.

## Template UK MR2-A – Market risk under the Internal Model Approach ("IMA") for the Group and NIP

The table shows a breakdown of RWEA and Own Funds requirements under IMA for the Group and NIP as at 31st March 2023:

| $m | | The Group | | NIP | |
|---|---|---|---|---|---|
| | | a | b | a | b |
| | | RWAs | Own funds requirements[1] | RWAs | Own funds requirements |
| **1** | **VaR** (higher of values a and b) | 1,193 | 95 | 1,093 | 88 |
| (a) | Previous day's VaR (VaRt-1) | | 38 | | 35 |
| (b) | Multiplication factor (mc) x average of previous 60 working days (VaRavg) | | 95 | | 88 |
| **2** | **SVaR** (higher of values a and b) | 1,335 | 107 | 1,202 | 96 |
| (a) | Latest available SVaR (SVaRt-1)) | | 43 | | 38 |
| (b) | Multiplication factor (ms) x average of previous 60 working days (sVaRavg) | | 107 | | 96 |
| **3** | **IRC** (higher of values a and b) | 330 | 26 | 330 | 26 |
| (a) | Most recent IRC measure | | 26 | | 26 |
| (b) | 12 weeks average IRC measure | | 26 | | 26 |
| **4** | **Comprehensive risk measure** (higher of values a, b and c) | - | - | - | - |
| (a) | Most recent risk measure of comprehensive risk measure | | - | | - |
| (b) | 12 weeks average of comprehensive risk measure | | - | | - |
| (c) | Comprehensive risk measure Floor | | - | | - |
| **5** | Other | 1,347 | 108 | 1,252 | 100 |
| **6** | **Total** | **4,205** | **336** | **3,877** | **310** |

1. *The Group's own funds requirement is calculated by aggregating the requirements for the individual entities. This includes the own funds requirement for NFPE*

Own Funds requirements under IMA for the Group increased compared to 30th September 2022 driven by an increase in VaR partially offset by a decrease in Stressed VaR. The increase in VaR was driven by an increase in rates and FX market risk positions in EMEA FX business (from FX Swaps and IR products) and an increased UK inflation delta.

Own Funds requirements under IMA for NIP decreased compared to 31st March 2022 following a decrease in the capital multiplier as the number of backtesting exceptions decreased over the period.

## Template UK MR2-B – RWA flow statements of market risk exposures under the IMA for the Group

The table shows a breakdown of the changes in IMA market risk RWA for the Group between 31st December 2022 and 31st March 2023:

| | $m | The Group | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g |
| | | VaR | SVaR | IRC | Comprehensive risk measure | Other | Total RWAs | Total own funds requirements[1] |
| **1** | **RWAs at 31st December 2022** | 977 | 1,343 | 314 | - | 1,425 | 4,059 | 325 |
| *1a* | *Regulatory adjustment[2]* | (718) | (981) | - | - | - | (1,699) | (136) |
| *1b* | *RWAs at 31st December 2022* | 259 | 362 | 314 | - | 1,425 | 2,360 | 189 |
| 2 | Movement in risk levels | 255 | 232 | 16 | - | 80 | 583 | 46 |
| 3 | Model updates/changes | (40) | (52) | 0 | - | (158) | (250) | (20) |
| 4 | Methodology and policy | - | - | - | - | - | - | - |
| 5 | Acquisitions and disposals | - | - | - | - | - | - | - |
| 6 | Foreign exchange movements | - | - | - | - | - | - | - |
| 7 | Other | - | - | - | - | - | - | - |
| *8a* | *RWAs at 31st March 2023* | 474 | 542 | 330 | - | 1,347 | 2,693 | 215 |
| *8b* | *Regulatory adjustment[3]* | 719 | 793 | - | - | - | 1,512 | 121 |
| **8** | **RWAs at 31st March 2023** | **1,193** | **1,335** | **330** | **-** | **1,347** | **4,205** | **336** |

Own Funds requirements under IMA for the Group increased compared to 31st December 2022 driven by an increase in VaR partially offset by a decrease in Stressed VaR. The increase in VaR was driven by an increase in rates and FX market risk positions in EMEA FX business (from FX Swaps and IR products) and an increased UK inflation delta.

## Template UK MR2-B – RWA flow statements of market risk exposures under the IMA for NIP

The table shows a breakdown of the changes in IMA market risk RWA for NIP between 31st March 2022 and 31st March 2023:

| | $m | NIP | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g |
| | | VaR | SVaR | IRC | Comprehensive risk measure | Other | Total RWAs | Total own funds requirements[1] |
| **1** | **RWAs at 31st December 2022** | 548 | 1,098 | 301 | - | 2,258 | 4,206 | 337 |
| *1a* | *Regulatory adjustment*[2] | (290) | (720) | - | - | - | (1,011) | (81) |
| *1b* | *RWAs at 31st December 2022* | 258 | 378 | 301 | - | 2,258 | 3,195 | 256 |
| 2 | Movement in risk levels | 296 | 118 | 10 | - | (895) | (471) | (38) |
| 3 | Model updates/changes | (123) | (25) | 19 | - | (111) | (240) | (19) |
| 4 | Methodology and policy | - | - | - | - | - | - | - |
| 5 | Acquisitions and disposals | - | - | - | - | - | - | - |
| 6 | Foreign exchange movements | - | - | - | - | - | - | - |
| 7 | Other | - | - | - | - | - | - | - |
| *8a* | *RWAs at 31st March 2023* | 431 | 471 | 330 | - | 1,252 | 2,484 | 199 |
| *8b* | *Regulatory adjustment*[3] | 662 | 731 | - | - | - | 1,393 | 111 |
| **8** | **RWAs at 31st March 2023** | **1,093** | **1,202** | **330** | **-** | **1,252** | **3,877** | **310** |

1. *The Group Capital Requirement is calculated by offseting long and short positions across NIP and NFPE as permitted under Article 325b of the CRR.*
2. *Indicates the difference between reported RWA (based on VaR/SVaR as of quarter end) and RWA (based on 60day average) at the beginning end of the period.*
3. *Indicates the difference between reported RWA (based on 60day average) and RWA (based on VaR/SVaR as of quarter end) at the end of the period.*

Own Funds requirements under IMA for NIP decreased compared to 31st March 2022 following a decrease in the capital multiplier as the number of backtesting exceptions decreased over the period.

## Template UK MR3 – IMA values for trading portfolios for the Group and NIP

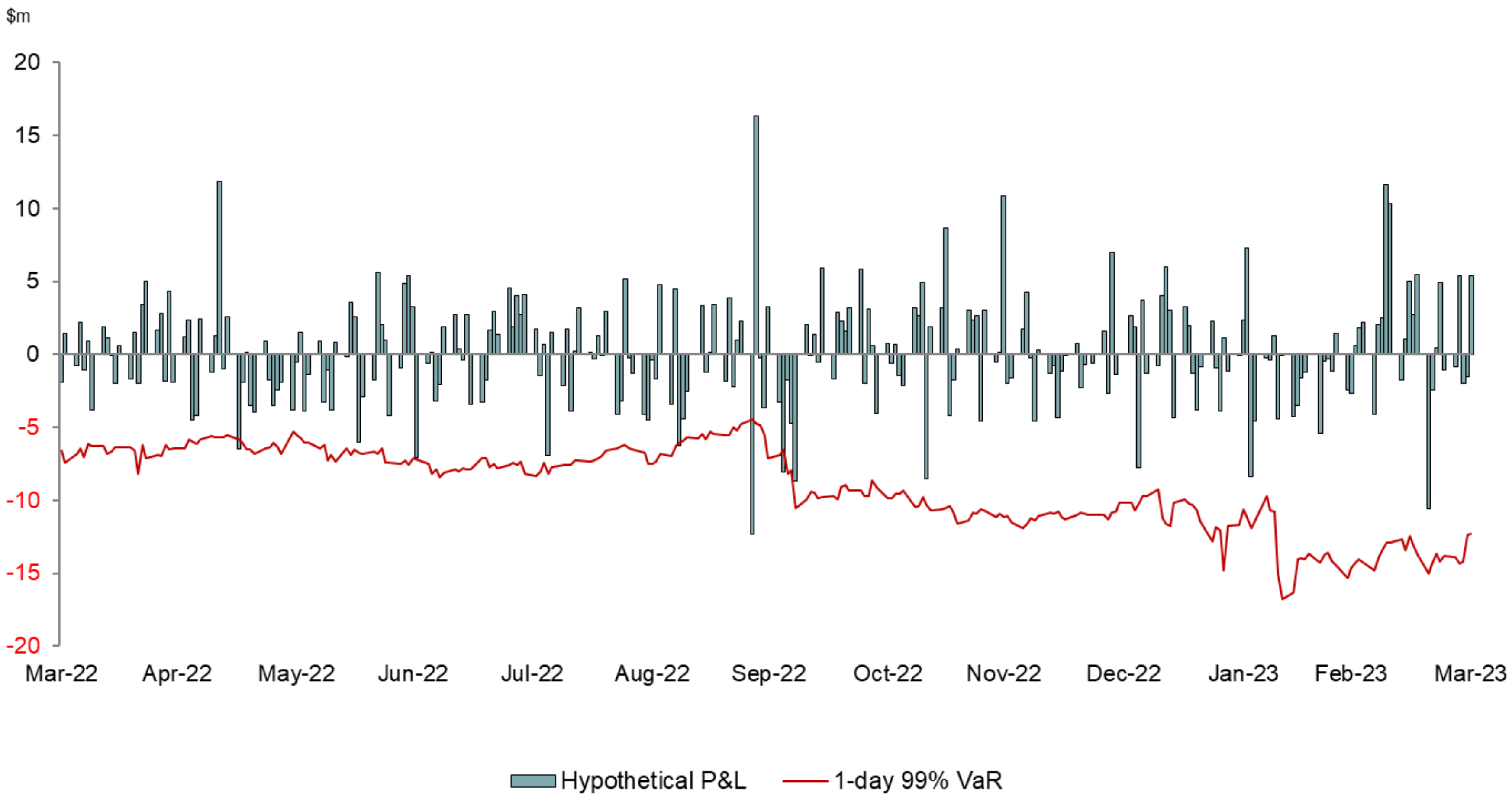
The table shows the internal model regulatory measures used for capital calculations for the Group and NIP at 31st March 2023:

| $m | | The Group | NIP |
|---|---|---|---|
| **VaR (10 day 99%)** | | | |
| 1 | Maximum value | 40 | 37 |
| 2 | Average value | 21 | 19 |
| 3 | Minimum value | 12 | 11 |
| 4 | Period end | 38 | 35 |
| **SVaR (10 day 99%)** | | | |
| 5 | Maximum value | 67 | 66 |
| 6 | Average value | 37 | 34 |
| 7 | Minimum value | 22 | 22 |
| 8 | Period end | 43 | 38 |
| **IRC (99.9%)** | | | |
| 9 | Maximum value | 32 | 32 |
| 10 | Average value | 26 | 26 |
| 11 | Minimum value | 20 | 20 |
| 12 | Period end | 26 | 26 |
| **Comprehensive risk measure (99.9%)** | | | |
| 13 | Maximum value | 0 | 0 |
| 14 | Average value | 0 | 0 |
| 15 | Minimum value | - | - |
| 16 | Period end | - | - |

The VaR measure statistics are higher as compared to 30th September 2022 for the Group due to higher market volatility and as compared to 31st March 2022 for NIP due to increased FX Risk positions.

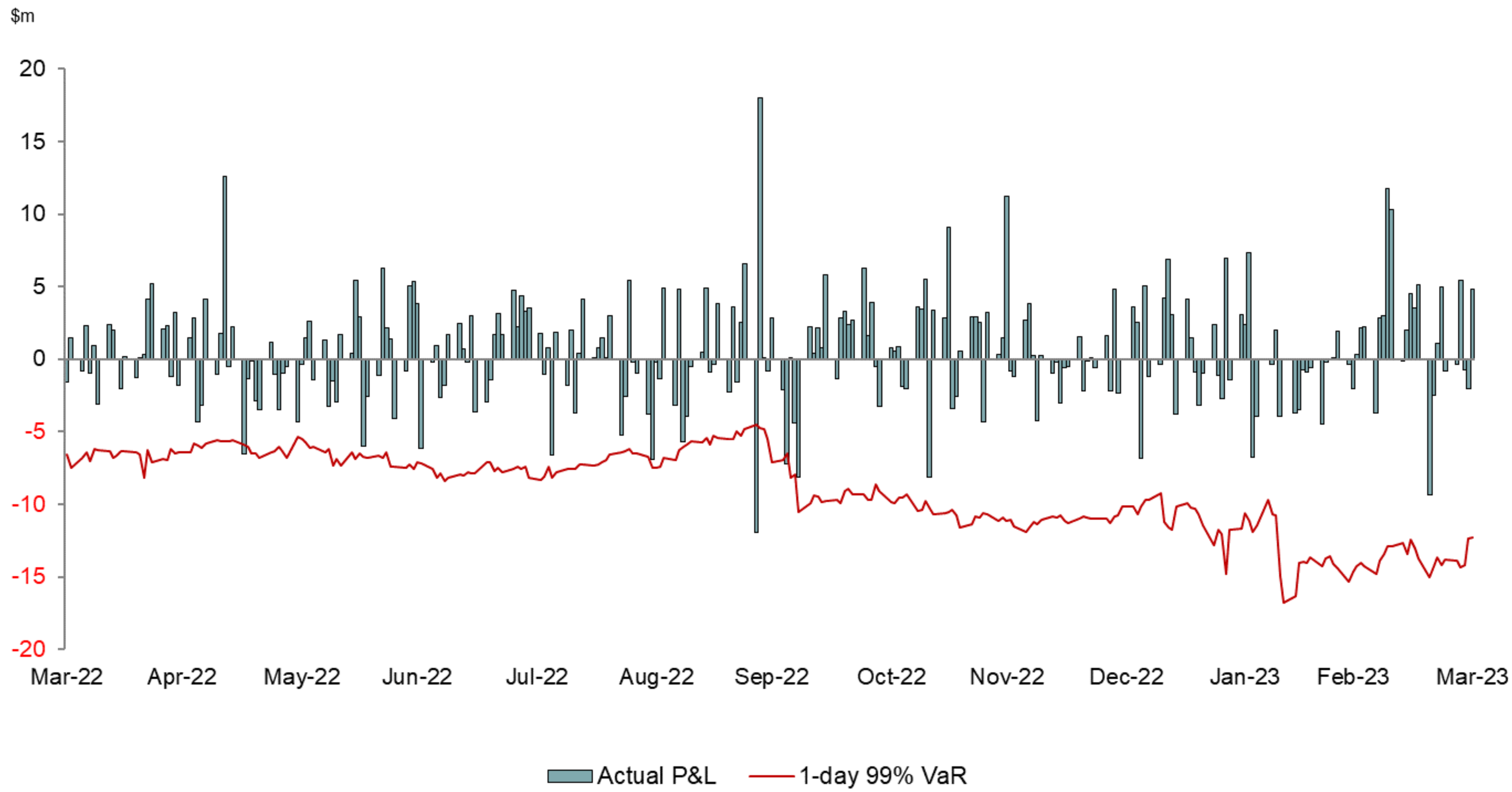
## MR4: Comparison of VaR Estimates with Hypothetical Gains / Losses for the Group

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 2023 for the Group's PRA approved internal model approach.



## MR4: Comparison of VaR Estimates with Actual Gains / Losses for the Group

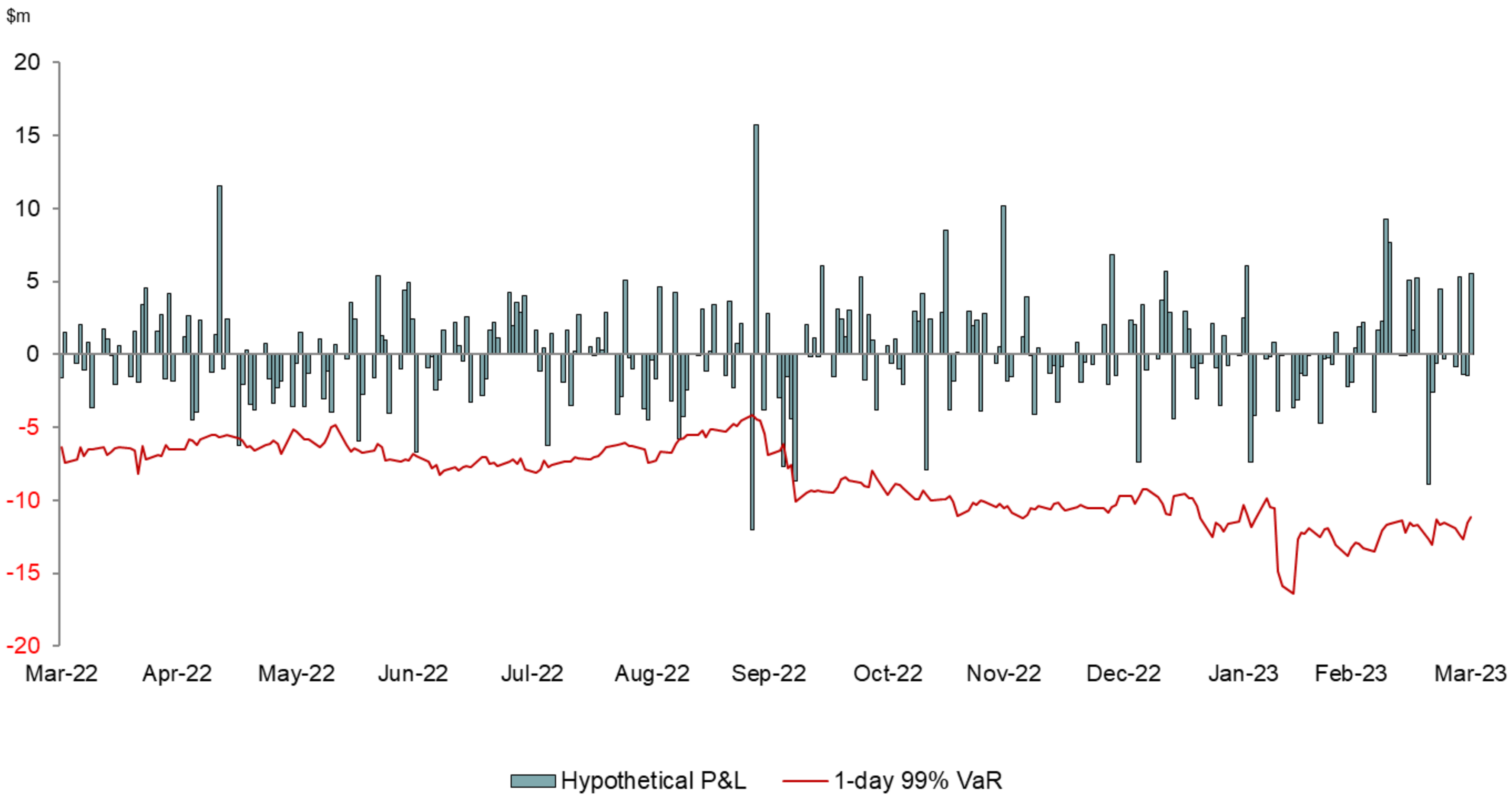
The chart below provides a comparison of VaR to the actual profit and loss on a daily basis over the fiscal year ended 31st March 2023 for the Group's PRA approved internal model approach.




1-day trading losses exceeded the 99% VaR estimate on four occasions for the Group for the year ended 31 March 2023. Backtesting exceptions are attributed to significant market volatility

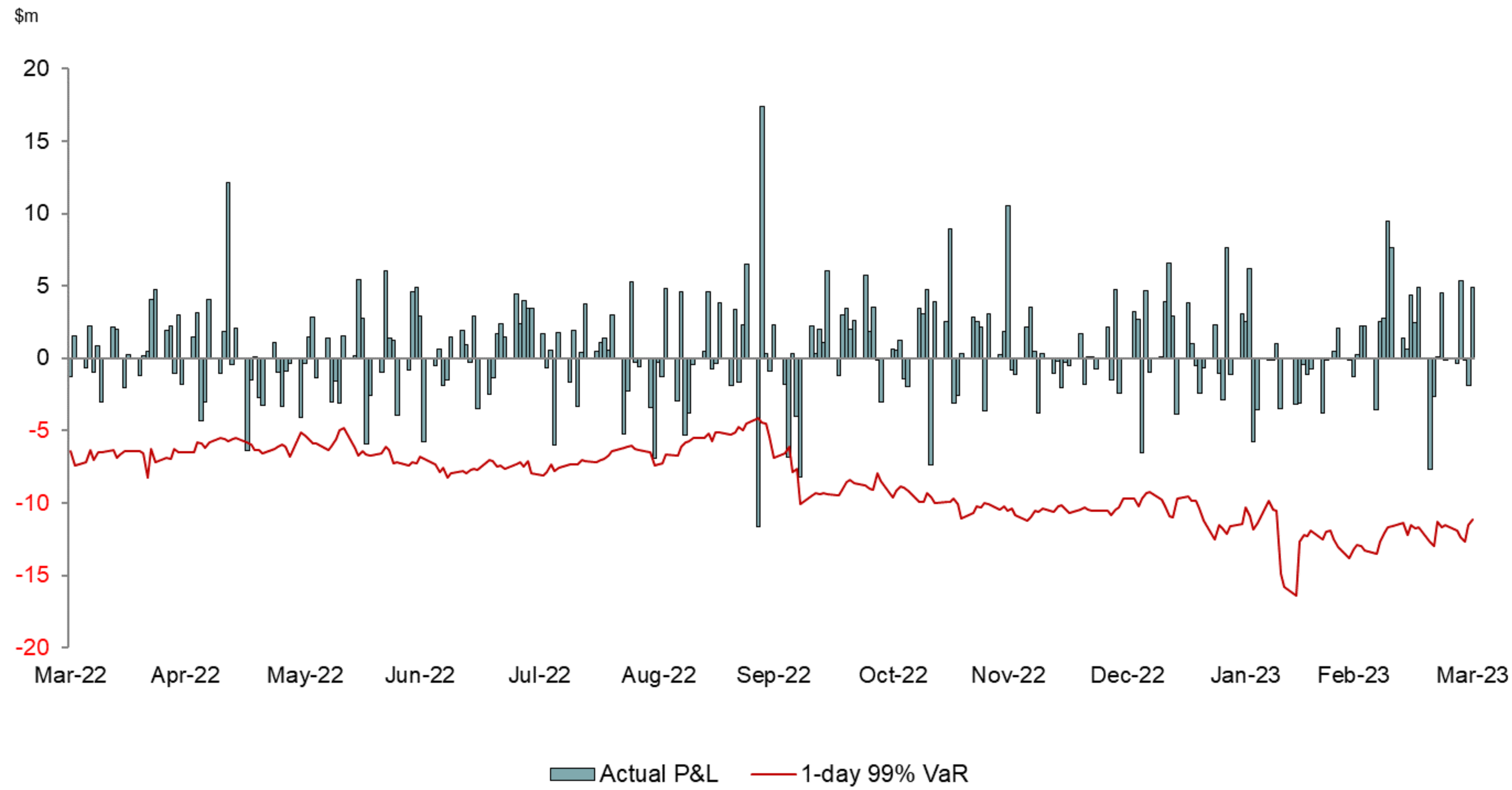
## MR4: Comparison of VaR Estimates with Hypothetical Gains / Losses for NIP

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 2023 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 2023 for NIP's PRA approved internal model approach.




1-day trading losses exceeded the 99% VaR estimate on three occasions for NIP for the year ended 31 March 2023. Backtesting exceptions are attributed to significant market volatility.

### Electronic and Algorithmic Trading Risk

Risks associated with Electronic and Algorithmic trading activities arise across risk types within both Financial and Non-Financial Risks and are indirectly captured under each risk category. However, the speed and autonomy with which these transactions can be executed presents unique risks that can disrupt markets, lead to the build-up of significant intraday exposures as well as regulatory censure. A framework has been established which looks at these unique risk scenarios more holistically. Key areas of focus include:

- System Runaway and Failure: Where Algorithmic Trading Strategies malfunction or generate duplicative or erroneous orders
- Flash Crash: Risk of overreaction to market events by Algorithmic Trading strategies
- Misconduct: Risk of Algorithmic Trading strategies deliberately or inadvertently causing disadvantage to clients, market abuse or market disruption
- Model Risk: The design or incorrect use of Algorithmic Trading Strategies resulting in poor trading and business decisions being made

## Other Risk Types

### Model Risk

Model risk is the risk of financial loss, incorrect decision making, or damage to the Group's credibility arising from model errors or incorrect or inappropriate model application.

### Strategic Risk

The risk to current or anticipated earning, capital, liquidity, enterprise value, or NEHS's reputation arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to change in the industry or external environment.

### Non-Financial Risks

The Group is exposed to non-financial risk as a consequence of conducting business and ensures relevant control frameworks are in place to prevent, minimise and manage these risks appropriately. The Group categorises non-financial risks into a number of categories like reputational and a number of level 1 operational risks such as legal, compliance, etc. and these are defined in the Risk Appetite Statement.

### Other Risks

Climate related risks, algorithmic trading related risks, conduct risks and cross-border risks manifest themselves through one or a number of the other risk categories identified above. Other risks may arise from time to time with changes to the Group's strategy or changes in the external environment.

# 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, equity products and related derivatives; investment banking services; asset and principal finance business, corporate finance and private equity.

The Group has policies and procedures for determining trading book positions under the relevant prudential and capital regulations. Other positions that do not meet trading book criteria are reported as banking book.

In the Group, Banking Book is not used presently for mainstream or strategic business offering. It is primarily related to funding/ liquidity activities, a small portion of Global Market lending trades which do not qualify as Trading Book, and associated hedges. There are also two licenced banking entities mainly for issuance, depositary bank clearing and custody services with modest balance sheet sizes. Group IRRBB risk appetite is set by the NEHS Board in line with this strategy.

### IRRBB risk management objectives and policies

Interest Rate Risk in the Banking Book ("IRRBB") refers to the current or prospective risk to a bank's capital and to its earnings, arising from the impact of adverse movements in interest rates on its banking book. The Group IRRBB Policy set out the basic principles for IRRBB, including the scope, measurement, roles and responsibilities and how IRRBB should be reported and escalated.

Both Economic Value of Equity ("EVE") and Net Interest Income ("NII") sensitivities are analysed and monitored monthly against risk appetite and the worst-case EVE decline is also monitored for Supervisory Outlier Test. Breaches of risk appetite are escalated to Risk and Treasury heads and ultimately the NEHS Board Risk Committee.

Most Group banking book positions are floating rate instruments. Where possible and necessary, Interest Rate ("IR") positions are managed via asset and liability matching and/or hedged with IR derivatives such as IR swaps and Basis Swaps, hence at modest IRRBB Economic Value level. In our EVE model, commercial margins and funding spreads are included in the forecast cash flows; credit spread considerations are included in discounting accordingly for external positions (such as lending and issuances) in line with regulatory requirements.

The $\Delta$NII disclosed is strictly based on the regulatory prescribed constant balance sheet which does not include the effect of active balance sheet management and dynamic assumptions.

## Template UK IRRBB1 – Quantitative information on IRRBB for the Group

As of 31st March 2023 for the Group, ∆EVE worst case decline among the six latest regulatory scenarios is $(17)m, ∆NII worst decline among parallel shock up and down scenario is $(85)m.

| | $m | The Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f |
| | | ∆EVE | | ∆NII | | Tier 1 Capital | |
| | Period | Mar-23 | Sep-22 | Mar-23 | Sep-22 | Mar-23 | Sep-22 |
| 010 | Parallel shock up | (6) | 0 | 84 | 130 | | |
| 020 | Parallel shock down | (4) | (23) | (85) | (129) | | |
| 030 | Steepener shock | (2) | (15) | | | | |
| 040 | Flattener shock | (16) | (15) | | | | |
| 050 | Short rates shock up | (17) | (14) | | | | |
| 060 | Short rates shock down | (4) | (20) | | | | |
| 070 | **Maximum** | **(17)** | **(23)** | **(85)** | **(129)** | | |
| 080 | **Tier 1 capital** | | | | | **5,573** | **5,448** |

Periodic reduction in ∆EVE was mainly driven by Libor transition, whilst reduction in ∆NII was driven by a combination of business volume changes and FX volatilities.

## Template UK IRRBB1 – Quantitative information on IRRBB for NIP

As of 31st March 2023 for NIP, ∆EVE worst case decline among the six latest regulatory scenarios is $(15)m, ∆NII worst decline among parallel shock up and down scenario is $(74)m.

| | $m | NIP | | | | | |
|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f |
| | | ∆EVE | | ∆NII | | Tier 1 Capital | |
| | Period | Mar-23 | Mar-22 | Mar-23 | Mar-22 | Mar-23 | Mar-22 |
| 010 | Parallel shock up | (5) | 1 | 74 | 114 | | |
| 020 | Parallel shock down | (4) | (9) | (74) | (114) | | |
| 030 | Steepener shock | 0 | (4) | | | | |
| 040 | Flattener shock | (14) | (10) | | | | |
| 050 | Short rates shock up | (15) | (9) | | | | |
| 060 | Short rates shock down | (2) | (7) | | | | |
| 070 | **Maximum** | **(15)** | **(10)** | **(74)** | **(114)** | | |
| 080 | **Tier 1 capital** | | | | | **5,063** | **5,025** |

The reduction in ∆NII was driven by a combination of business volume changes and FX volatilities.

## Additional Qualitative Disclosures

Certain disclosures made under accounting, listing or other requirements are deemed to constitute compliance with CRR 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 2023 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 UK OVA) Articles 435(1)(a), 435(1)(b), 435(1)(c), 435(1)(f) | NIP Annual Report | Risk Management | Page 3 |
| | | Risk Management Strategy | Page 82 |
| | | Risk Management Structure | Pages 82-85 |
| | | Risk Appetite | Page 85-86 |
| | | Liquidity Risk | Page 97-101 |
| | | Operational Risk | Page 103-104 |
| | | Model Risk | Page 104 |
| | NHI 20-F | Stress Testing (Market Risk) | Page 142 |
| | | Stress Testing (Credit Risk) | Page 144 |
| | | Stress Testing | Page 149 |
| **Credit risk, counterparty credit risk and credit risk mitigation techniques** | | | |
| **General qualitative information about credit risk** (Table UK CRA) Articles 435(1)(a), 435(1)(b), 435(1)(d), 435(1)(f) | NIP Annual Report | Risk Management Structure | Pages 82-85 |
| | | Credit Risk | Page 91 |
| | | Credit Risk Management Process | Page 91 (A) |
| | | Credit Risk Measures | Page 91 (B) |
| | | Credit Limits | Page 91-92 (C) |
| **Qualitative information about counterparty credit risk** (Table UK CCRA) 439(a), 439(b), 439(c), 439(d), 431(3), 431(4) | NIP Annual Report | Financial Guarantees | Page 50 (K) |
| | | Credit Limits (re: Credit NCAT) | Page 91-92 (C) |
| | | Wrong Way Risk | Page 92 (D) |
| | | Risk Mitigation | Page 92-93 (E) |
| **Qualitative information about credit risk mitigation techniques** (Table UK CRC) Articles 435(1)(a), 453 (a), 453 (b), 453 (c), 453 (d), 453 (e) | NIP Annual Report | Risk Mitigation | Page 92-93 (E) |
| | | Credit Risk Exposure / Concentration of Credit Risk | Page 97 |
| | | Note 20. Offsetting Disclosures | Pages 121-122 |
| **Market Risk and Internal Model Approach (IMA)** | | | |
| **Qualitative disclosure requirements related to market risk** (Table UK MRA) Articles 435(1)(a), 435(1)(b), 435(1)(d) | NIP Annual Report | Risk Management Structure | Pages 82-85 |
| | | Market Risk | Page 87 |
| | | Market Risk: Trading | Page 87-89 (A) |
| | | Market Risk: Non-Trading | Page 90 (D) |

| | | | |
|---|---|---|---|
| **Qualitative disclosure requirements for institutions using the IMA**<br>(Table UK MRB)<br>Articles 455(a)(i), 455(a)(ii), 455(a)(iii), 455(a)(iv), 455(b), 455(c) | NIP Annual Report | Market Risk: Trading | Page 87-89 (A) |
| | | Market Risk: Non-Trading | Page 90 (D) |
| | | Value at Risk | Page 87 |
| | | VaR Methodology Assumptions | Page 88 |
| | | VaR Backtesting | Page 88-89 |
| | | Limitations and Advantages of VaR | Page 89 |
| | | Incremental Risk Charge ("IRC") | Page 90 (B) |
| | | Stress testing of internal risk models | Page 90 (C) |

## Leverage Ratio

Leverage disclosures have been prepared in accordance with the requirements of the PRA Rulebook: CRR Firms: Leverage Ratio.

### 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 ensures broad and adequate capture of both the on and off-balance sheet sources of banks and investment firms.

### Leverage Exposure Management

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

Nomura Group have set the escalation limits in line with NIP and Group capacity to ensure that leverage exposure falls within the risk appetite.

### Template UK LR1 – LRSum: Leverage Reconciliation of Accounting Assets and Leverage Ratio Exposure for the Group and NIP

The table shows the reconciliation of Accounting assets and Leverage ratio exposures for the Group and NIP as at 31st March 2023:

| $m | | The Group | NIP |
|---|---|---|---|
| | | Applicable amount | Applicable amount |
| 1 | Total assets as per published financial statements[1] | 11,102 | 245,484 |
| 2 | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation[2] | 265,861 | - |
| 3 | (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference) | - | - |
| 4 | (Adjustment for exemption of exposures to central banks) | (4,161) | (2,925) |
| 5 | (Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR) | - | - |
| 6 | Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting | - | - |
| 7 | Adjustment for eligible cash pooling transactions | - | - |
| 8 | Adjustment for derivative financial instruments | (142,791) | (120,592) |
| 9 | Adjustment for securities financing transactions (SFTs) | 7,333 | 7,662 |
| 10 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 1,683 | 1,912 |
| 11 | (Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage)) | - | - |
| UK-11a | (Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)[3] | - | (1,200) |
| UK-11b | (Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR) | - | - |
| 12 | Other adjustments | (9,437) | (7,748) |
| **13** | **Total exposure measure** | **129,590** | **122,593** |

1) *Total assets per the Nomura Europe Holdings plc standalone company financial statements and NIP's annual report. Nomura Europe Holdings Plc Group does not publish consolidated financial statements.*
2) *This represents consolidation adjustments for the Group*
3) *This represents NIP exposures to NBI*

## Template UK LR2 – LRCom: Leverage Ratio Common Disclosure for the Group and NIP

The table shows the Leverage ratio exposures for the Group and NIP as at 31st March 2023:

| $m | | Leverage ratio exposures[1] | | | |
|---|---|---|---|---|---|
| | | The Group | | NIP | |
| | | a | b | a | b |
| | | Mar-23 | Sep-22 | Mar-23 | Mar-22 |
| **On-balance sheet exposures (excluding derivatives and SFTs)** | | | | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs, but including collateral) | 36,623 | 36,384 | 30,423 | 33,142 |
| 2 | Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework | - | - | - | - |
| 3 | (Deductions of receivables assets for cash variation margin provided in derivatives transactions) | (9,425) | (10,981) | (7,742) | (10,030) |
| 4 | (Adjustment for securities received under securities financing transactions that are recognised as an asset) | - | - | - | - |
| 5 | (General credit risk adjustments to on-balance sheet items) | - | - | - | - |
| 6 | (Asset amounts deducted in determining tier 1 capital (leverage)) | (12) | (12) | (7) | (9) |
| 7 | **Total on-balance sheet exposures (excluding derivatives and SFTs)** | **27,186** | **25,391** | **22,674** | **23,103** |
| **Derivative exposures** | | | | | |
| 8 | Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin) | 7,881 | 10,023 | 7,362 | 8,339 |
| UK-8a | Derogation for derivatives: replacement costs contribution under the simplified standardised approach | - | - | - | - |
| 9 | Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions | 21,572 | 19,868 | 20,006 | 20,532 |
| UK-9a | Derogation for derivatives: potential future exposure contribution under the simplified standardised approach | - | - | - | - |
| UK-9b | Exposure determined under the original exposure method | - | - | - | - |
| 10 | (Exempted CCP leg of client-cleared trade exposures) (SA-CCR) | (452) | (629) | (452) | (449) |
| UK-10a | (Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach) | - | - | - | - |
| UK-10b | (Exempted CCP leg of client-cleared trade exposures) (original exposure method) | - | - | - | - |
| 11 | Adjusted effective notional amount of written credit derivatives | 97,494 | 158,199 | 97,130 | 169,051 |
| 12 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives) | (96,198) | (157,074) | (95,644) | (167,748) |
| 13 | **Total derivatives exposures** | **30,297** | **30,387** | **28,402** | **29,725** |
| **Securities financing transaction (SFT) exposures** | | | | | |
| 14 | Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions | 213,180 | 197,084 | 208,488 | 189,109 |
| 15 | (Netted amounts of cash payables and cash receivables of gross SFT assets) | (145,339) | (126,069) | (141,843) | (121,910) |
| 16 | Counterparty credit risk exposure for SFT assets | 7,333 | 7,830 | 7,662 | 7,992 |
| UK-16a | Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR | - | - | - | - |
| 17 | Agent transaction exposures | - | - | - | - |
| UK-17a | (Exempted CCP leg of client-cleared SFT exposures) | - | - | - | - |
| 18 | **Total securities financing transaction exposures** | **75,174** | **78,845** | **74,307** | **75,191** |
| **Other off-balance sheet exposures** | | | | | |
| 19 | Off-balance sheet exposures at gross notional amount | 2,867 | 4,634 | 3,346 | 3,138 |
| 20 | (Adjustments for conversion to credit equivalent amounts) | (1,773) | (3,453) | (2,011) | (1,978) |
| 21 | (General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated with off-balance sheet exposures) | - | - | - | - |
| 22 | **Off-balance sheet exposures** | **1,094** | **1,181** | **1,335** | **1,160** |
| **Excluded exposures** | | | | | |
| UK-22a | (Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR) | - | - | (1,200) | (1,413) |
| UK-22b | (Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off- balance sheet)) | - | - | - | - |
| UK-22g | (Excluded excess collateral deposited at triparty agents) | - | - | - | - |
| UK-22k | **(Total exempted exposures)** | **-** | **-** | **(1,200)** | **(1,413)** |
| **Capital and total exposure measure** | | | | | |
| 23 | **Tier 1 capital (leverage)** | 5,573 | 5,448 | 5,063 | 5,025 |
| 24 | Total exposure measure including claims on central banks | 133,751 | 135,804 | 125,518 | 127,766 |

| | | | | | |
|---|---|---|---|---|---|
| UK-24a | (-) Claims on central banks excluded | (4,161) | (5,825) | (2,925) | (4,306) |
| UK-24b | **Total exposure measure excluding claims on central banks** | **129,590** | **129,979** | **122,593** | **123,460** |
| | **Leverage ratio** | | | | |
| 25 | Leverage ratio excluding claims on central banks (%) | 4.30% | 4.19% | 4.13% | 4.07% |
| UK-25a | Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%) | 4.30% | 4.19% | 4.13% | 4.07% |
| UK-25b | Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%) | | | | |
| UK-25c | Leverage ratio including claims on central banks (%) | 4.17% | 4.01% | 4.03% | 3.93% |
| 26 | Regulatory minimum leverage ratio requirement (%) | 3.25% | - | 3.25% | - |
| | **Additional leverage ratio disclosure requirements - leverage ratio buffers** | | | | |
| 27 | Leverage ratio buffer (%) | 0.10% | | 0.10% | |
| UK-27a | Of which: G-SII or O-SII additional leverage ratio buffer (%) | - | | - | |
| UK-27b | Of which: countercyclical leverage ratio buffer (%) | 0.10% | | 0.10% | |
| | **Additional leverage ratio disclosure requirements - disclosure of mean values** | | | | |
| 28 | Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable | 70,978 | | 69,042 | |
| 29 | Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables | 67,841 | | 66,644 | |
| UK-31 | Average total exposure measure including claims on central banks | 137,159 | | 128,223 | |
| UK-32 | Average total exposure measure excluding claims on central banks | 133,226 | | 125,496 | |
| UK-33 | Average leverage ratio including claims on central banks | 4.00% | | 3.92% | |
| UK-34 | Average leverage ratio excluding claims on central banks | 4.12% | | 4.01% | |

*1) As LREQ entities, both the Group and NIP are subject to additional leverage ratio disclosure requirements beginning 1 January 2023. Template rows 27 to 34 have therefore been included for the first time.*

## Factors impacting Leverage Ratio during 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 leverage ratio excluding claims on central banks of the Group improved 0.1% to 4.3% compared to 30th September 2022 due to marginal increase in Tier 1 capital following recognition of FY22/23 profits.

The leverage ratio excluding claims on central banks of NIP remained stable at 4.1% compared to 31st March 2022 following an immaterial decrease in exposure and marginal increase in T1 capital.

## Template UK LR3 – LRSpl: Breakdown of On Balance Sheet Leverage Exposures for the Group and NIP

Below table shows the breakdown of On Balance sheet leverage exposures for the Group and NIP as at 31st March 2023:

| $m | | The Group | NIP |
|---|---|---|---|
| | | Leverage ratio exposures | |
| **UK-1** | **Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:** | **27,198** | **22,532** |
| UK-2 | Trading book exposures | 16,507 | 16,073 |
| UK-3 | Banking book exposures, of which: | 10,691 | 6,459 |
| UK-4 | Covered bonds | - | - |
| UK-5 | Exposures treated as sovereigns | 6,111 | 3,830 |
| UK-6 | Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns | - | - |
| UK-7 | Institutions | 3,172 | 1,346 |
| UK-8 | Secured by mortgages of immovable properties | - | - |
| UK-9 | Retail exposures | - | - |
| UK-10 | Corporates | 1,353 | 1,221 |
| UK-11 | Exposures in default | - | - |
| UK-12 | Other exposures (e.g. equity, securitisations, and other non-credit obligation assets) | 55 | 62 |

# Liquidity

## Strategies and Processes in the Management of Liquidity Risk

Liquidity risk is the risk that the 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 is 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 the key operating entities.

## Structure and Organisation of the Liquidity Risk Management Function

The Group's approach to liquidity risk management is founded on the "Three Lines of Defence" principle, ensuring clear roles and responsibilities for the management and oversight of liquidity risk.
Treasury is part of the Finance division and manages access to Unsecured Funding within a defined funding plan. Funding is allocated 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 liquid assets ("HQLA") are held under the control of the Treasury function to protect against modelled outflows in stress. All liquidity costs are allocated to the business.
The NEHS Treasurer, reporting to the NEHS Chief Financial Officer, has responsibility for the implementation and oversight of the LRM Framework including ensuring compliance with the firm's liquidity risk appetite. This is supplemented by management committees responsible for challenge and oversight of liquidity risk including ongoing liquidity adequacy, stress testing policy and the broader liquidity risk framework.
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.

## Degree of Centralisation of Liquidity Management

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

## 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 including Regulatory Developments

### 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 Group to hold sufficient unencumbered HQLA to meet expected contractual and contingent liabilities over a 30 calendar day stress scenario, covering both Pillar 1 and Pillar 2 risks. This is being managed in accordance with the UK PRA's LCR rules, with which the Group is in compliance. The European Entities (NFPE, BNF) within the Group are compliant with LCR rules in line with EU regulations.

In addition, 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 report and supplement the stress testing framework.

### Net Stable Funding Ratio ("NSFR")

The NSFR model requires firms to maintain a longer term stable funding profile in relation to the overall composition of their on and off balance sheet assets and liabilities ensuring firms have at least the same amount of available stable funding as the amount of required stable funding on an ongoing basis.

The Group is compliant with the PRA's NSFR rules. The European Entities (NFPE, BNF) within the Group are compliant with NSFR rules in line with EU regulations.

### 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 NEHS ILAAP document is an NEHS Board approved document, following review and recommendation by governance committees including the NEHS Board Risk Committee and NEHS ALCO, further supported by sub-committees to ensure appropriate level of review and challenge of the liquidity framework.

## Overview of the Contingency Funding Plan

The Group Contingency Funding Plan ("CFP") outlines management's strategies and actions to address liquidity shortfalls during periods of idiosyncratic stress to NEHS entities and / or market-wide stress. The Group CFP cascades from the NHI CFP but can be triggered independently and is tailored to the Group and its entities as required.

The CFP outlines the importance of communication and the ability to mobilise resources and information lines effectively to optimise management actions during periods of severe stress.

The Group CFP is based on the following core pillars, consistent with the NHI CFP:

- **Early Warning Indicators ("EWIs"):** Quantitative and qualitative events that indicate potentially higher levels of liquidity / funding stress, and may require management actions, potentially including the activation of the CFP
- **CFP Triggers:** Events that mandatorily prompt management response, including potential activation of the CFP if necessary
- **Liquidity Crisis Management Team ("LCMT"):** Roles and responsibilities of the functional representatives required to convene in the event of invoking the CFP, in order to assess the stress event and take actions as appropriate
- **Management Actions:** Contingent funding options available during liquidity stress events to enable a return to normal business conditions as soon as possible
- **Management Information ("MI"):** Standard and non-standard MI required to inform management decisions during a CFP event.

The Group CFP is reviewed and approved by the NEHS Board on an annual basis. Periodical testing of the CFP components is executed to ensure roles and responsibilities are understood, communication channels are effective and market access capabilities are confirmed.

## Overview of the use of Stress Testing

Liquidity stress testing is undertaken on a daily basis across internal MCO and regulatory defined LCR. This is used:

- To inform the amount of segregated Liquidity Pool that remains sufficient to meet modelled liquidity requirements under a defined set of stress scenarios
- As a key input into the entities' forward-looking Funding Plan
- To measure compliance with the firm's liquidity risk appetite, supported by a comprehensive range of EWIs

## 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 within risk appetite, whilst pursuing Nomura's overall business strategy and objectives. The framework in place is continuously reviewed and enhanced on an ongoing basis.

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

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. The entity operates on a self-sufficient basis ensuring ongoing 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 LP to meet all contractual and contingent liabilities as they fall due
- Daily monitoring of a range of EWIs and 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 the impact on funding and liquidity

## Template UK LIQ1 – Quantitative information of LCR for the Group

| | $m | a | b | c | d | e | f | g | h |
|---|---|---|---|---|---|---|---|---|---|
| | | Total unweighted value (average) | | | | Total weighted value (average) | | | |
| UK 1a | Quarter ending on | 31-Mar-23 | 31-Dec-22 | 30-Sep-22 | 30-Jun-22 | 31-Mar-23 | 31-Dec-22 | 30-Sep-22 | 30-Jun-22 |
| UK 1b | Number of data points used in the calculation of averages | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| **HIGH-QUALITY LIQUID ASSETS** | | | | | | | | | |
| 1 | Total high-quality liquid assets (HQLA) | | | | | 22,304 | 22,485 | 22,436 | 22,559 |
| **CASH - OUTFLOWS** | | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | - | - | - | - | - | - | - | - |
| 3 | *Stable deposits* | - | - | - | - | - | - | - | - |
| 4 | *Less stable deposits* | - | - | - | - | - | - | - | - |
| 5 | Unsecured wholesale funding | 5,135 | 5,356 | 5,399 | 5,353 | 3,389 | 3,522 | 3,529 | 3,485 |
| 6 | *Operational deposits (all counterparties) and deposits in networks of cooperative banks* | 2,300 | 2,423 | 2,477 | 2,477 | 575 | 606 | 619 | 619 |
| 7 | *Non-operational deposits (all counterparties)* | 2,514 | 2,589 | 2,543 | 2,467 | 2,493 | 2,572 | 2,531 | 2,457 |
| 8 | *Unsecured debt* | 321 | 344 | 379 | 409 | 321 | 344 | 379 | 409 |
| 9 | *Secured wholesale funding* | | | | | 14,698 | 14,807 | 15,257 | 15,920 |
| 10 | Additional requirements | 8,896 | 8,595 | 8,171 | 7,872 | 5,363 | 5,210 | 4,987 | 4,930 |
| 11 | *Outflows related to derivative exposures and other collateral requirements* | 7,946 | 7,646 | 7,177 | 6,828 | 5,063 | 4,900 | 4,649 | 4,560 |
| 12 | *Outflows related to loss of funding on debt products* | - | - | - | - | - | - | - | - |
| 13 | *Credit and liquidity facilities* | 950 | 949 | 994 | 1,044 | 300 | 310 | 338 | 370 |
| 14 | Other contractual funding obligations | 7,855 | 8,174 | 8,500 | 8,867 | 7,738 | 8,053 | 8,372 | 8,732 |
| 15 | Other contingent funding obligations | 131 | 159 | 197 | 231 | 58 | 65 | 75 | 85 |
| 16 | TOTAL CASH OUTFLOWS | | | | | 31,246 | 31,657 | 32,220 | 33,152 |
| **CASH - INFLOWS** | | | | | | | | | |
| 17 | Secured lending (e.g. reverse repos) | 229,218 | 229,184 | 229,596 | 237,960 | 17,276 | 17,322 | 17,458 | 17,728 |
| 18 | Inflows from fully performing exposures | 1,602 | 1,601 | 1,573 | 1,525 | 1,211 | 1,211 | 1,185 | 1,165 |
| 19 | Other cash inflows | 5,475 | 6,048 | 6,806 | 7,297 | 5,475 | 6,048 | 6,806 | 7,297 |
| UK-19a | (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) | | | | | - | - | - | - |
| UK-19b | (Excess inflows from a related specialised credit institution) | | | | | - | - | - | - |
| 20 | TOTAL CASH INFLOWS | 236,295 | 236,833 | 237,975 | 246,782 | 23,962 | 24,581 | 25,449 | 26,190 |
| UK-20a | *Fully exempt inflows* | - | - | - | - | - | - | - | - |
| UK-20b | *Inflows subject to 90% cap* | - | - | - | - | - | - | - | - |
| UK-20c | *Inflows subject to 75% cap* | 178,717 | 177,778 | 179,453 | 187,512 | 23,962 | 24,581 | 25,449 | 26,190 |
| **TOTAL ADJUSTED VALUE** | | | | | | | | | |
| UK-21 | LIQUIDITY BUFFER | | | | | 22,304 | 22,485 | 22,436 | 22,559 |
| 22 | TOTAL NET CASH OUTFLOWS | | | | | 7,951 | 7,962 | 8,059 | 8,292 |
| 23 | LIQUIDITY COVERAGE RATIO | | | | | 281.67% | 283.42% | 280.25% | 274.33% |

The Group's business model means that some section of the disclosures are not required to be populated

## Template UK LIQ1 – Quantitative information of LCR for NIP

| | $m | a | b | c | d | e | f | g | h |
|---|---|---|---|---|---|---|---|---|---|
| | | Total unweighted value (average) | | | | Total weighted value (average) | | | |
| UK 1a | Quarter ending on | 31-Mar-23 | 31-Dec-22 | 30-Sep-22 | 30-Jun-22 | 31-Mar-23 | 31-Dec-22 | 30-Sep-22 | 30-Jun-22 |
| UK 1b | Number of data points used in the calculation of averages | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| **HIGH-QUALITY LIQUID ASSETS** | | | | | | | | | |
| 1 | Total high-quality liquid assets (HQLA) | | | | | 18,151 | 18,647 | 18,753 | 19,066 |
| **CASH - OUTFLOWS** | | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | - | - | - | - | - | - | - | - |
| 3 | *Stable deposits* | - | - | - | - | - | - | - | - |
| 4 | *Less stable deposits* | - | - | - | - | - | - | - | - |
| 5 | Unsecured wholesale funding | 1,368 | 1,432 | 1,402 | 1,368 | 1,347 | 1,414 | 1,390 | 1,358 |
| 6 | *Operational deposits (all counterparties) and deposits in networks of cooperative banks* | - | - | - | - | - | - | - | - |
| 7 | *Non-operational deposits (all counterparties)* | 1,368 | 1,432 | 1,402 | 1,368 | 1,347 | 1,414 | 1,390 | 1,358 |
| 8 | *Unsecured debt* | - | - | - | - | - | - | - | - |
| 9 | *Secured wholesale funding* | | | | | 14,888 | 15,014 | 15,449 | 16,055 |
| 10 | Additional requirements | 8,321 | 8,025 | 7,602 | 7,348 | 4,940 | 4,776 | 4,543 | 4,523 |
| 11 | *Outflows related to derivative exposures and other collateral requirements* | 7,492 | 7,188 | 6,718 | 6,413 | 4,660 | 4,485 | 4,223 | 4,171 |
| 12 | *Outflows related to loss of funding on debt products* | - | - | - | - | - | - | - | - |
| 13 | *Credit and liquidity facilities* | 829 | 837 | 884 | 935 | 280 | 291 | 320 | 352 |
| 14 | Other contractual funding obligations | 7,722 | 8,112 | 8,451 | 8,813 | 7,614 | 8,001 | 8,335 | 8,690 |
| 15 | Other contingent funding obligations | 131 | 159 | 197 | 231 | 58 | 65 | 75 | 85 |
| 16 | TOTAL CASH OUTFLOWS | | | | | 28,847 | 29,270 | 29,792 | 30,711 |
| **CASH - INFLOWS** | | | | | | | | | |
| 17 | Secured lending (e.g. reverse repos) | 225,902 | 226,416 | 227,385 | 236,240 | 16,419 | 16,476 | 16,608 | 16,614 |
| 18 | Inflows from fully performing exposures | 410 | 389 | 390 | 380 | 394 | 374 | 385 | 378 |
| 19 | Other cash inflows | 5,029 | 5,508 | 6,149 | 6,629 | 5,029 | 5,508 | 6,149 | 6,629 |
| UK-19a | (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) | | | | | - | - | - | - |
| UK-19b | (Excess inflows from a related specialised credit institution) | | | | | - | - | - | - |
| 20 | TOTAL CASH INFLOWS | 231,341 | 232,313 | 233,924 | 243,249 | 21,842 | 22,358 | 23,142 | 23,821 |
| UK-20a | Fully exempt inflows | - | - | - | - | - | - | - | - |
| UK-20b | Inflows subject to 90% cap | - | - | - | - | - | - | - | - |
| UK-20c | Inflows subject to 75% cap | 173,762 | 173,256 | 175,405 | 183,985 | 21,842 | 22,358 | 23,142 | 23,821 |
| **TOTAL ADJUSTED VALUE** | | | | | | | | | |
| UK-21 | LIQUIDITY BUFFER | | | | | 18,151 | 18,647 | 18,753 | 19,066 |
| 22 | TOTAL NET CASH OUTFLOWS | | | | | 7,446 | 7,417 | 7,449 | 7,681 |
| 23 | LIQUIDITY COVERAGE RATIO | | | | | 245.42% | 253.17% | 253.58% | 250.58% |

The Group’s business model means that some section of the disclosures are not required to be populated.

## Main drivers of the LCR

The main drivers of the LCR are:

- The Liquidity Buffer which is primarily Level 1 high-quality liquid assets
- Net Cash Outflows over 30 days made up of net repos, unsecured and derivative flows
- Cash Inflows are capped at a maximum of 75% of outflows

There has been no evolution of the contribution of inputs to the LCR's calculation over the last year.

## Changes in the LCR over time

The average LCR for the Group has not materially changed from December 2022 to March 2023.

The average LCR for NIP has reduced from 254% in September 2022 to 245% in March 2023. This move is driven by a reduction in the Liquidity Buffer due to Japanese Yen depreciating across the average periods.

## Concentration of Funding and Liquidity Sources

In line with liquidity reporting requirements, the firm prepares Additional Liquidity Monitoring Metrics ("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.

## Composition of the Liquidity Buffer

The liquidity buffer is comprised of highly liquid government securities held in the form of reverse repos and central bank deposits, which fall under the control of the Treasury function.

The composition of the liquidity buffer is appropriately managed both in terms of currency and concentration risks.

## 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 liquidity specific stress tests capturing items under three core risk drivers:

- Ratings Downgrade
- Counterparty Behaviour
- 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 and controls short-dated FX rollover risk via a set of limits, EWIs and other trigger metrics as part of the CFP.

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

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

The PRA has applied a range of Pillar 2 fixed add-ons for liquidity risks not captured under the LCR Pillar 1 model, including for example intraday risk and debt buybacks. These risks are modelled and fully incorporated in the MCO.

## Quantitative information of NSFR

### Template UK LIQ2: Net Stable Funding Ratio for Group

| $m | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | | Unweighted value by residual maturity (average) | | | | Weighted value (average) |
| | | No maturity | < 6 months | 6 months to < 1yr | ≥ 1yr | |
| **Available stable funding (ASF) Items** | | | | | | |
| 1 | Capital items and instruments | **5,794** | **-** | **-** | **2,160** | **7,954** |
| 2 | *Own funds* | 5,794 | - | - | 2,160 | 7,954 |
| 3 | *Other capital instruments* | | - | - | - | - |
| 4 | Retail deposits | | **-** | **-** | **-** | **-** |
| 5 | *Stable deposits* | | - | - | - | - |
| 6 | *Less stable deposits* | | - | - | - | - |
| 7 | Wholesale funding: | | **59,406** | **1,536** | **18,952** | **20,994** |
| 8 | *Operational deposits* | | 2,344 | - | - | 1,172 |
| 9 | *Other wholesale funding* | | 57,062 | 1,536 | 18,952 | 19,822 |
| 10 | Interdependent liabilities | | **-** | **-** | **-** | **-** |
| 11 | Other liabilities: | **1,755** | **7,275** | **-** | **-** | **-** |
| 12 | *NSFR derivative liabilities* | 1,755 | | | | |
| 13 | *All other liabilities and capital instruments not included in the above categories* | | 7,275 | - | - | - |
| **14** | **Total available stable funding (ASF)** | | | | | **28,948** |
| **Required stable funding (RSF) Items** | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) | | | | | **3,405** |
| UK-15a | Assets encumbered for more than 12m in cover pool | | **-** | **-** | **-** | **-** |
| 16 | Deposits held at other financial institutions for operational purposes | | **498** | **-** | **-** | **249** |
| 17 | Performing loans and securities: | | **71,928** | **1,007** | **5,635** | **8,851** |
| 18 | *Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut* | | 38,938 | 129 | 157 | 334 |
| 19 | *Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions* | | 32,160 | 683 | 1,846 | 4,796 |
| 20 | *Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:* | | 416 | 106 | 284 | 501 |
| 21 | *With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk* | | 150 | - | - | 75 |
| 22 | *Performing residential mortgages, of which:* | | - | - | - | - |
| 23 | *With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk* | | - | - | - | - |
| 24 | *Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products* | | 414 | 89 | 3,348 | 3,220 |
| 25 | Interdependent assets | | **-** | **-** | **-** | **-** |
| 26 | Other assets: | | **15,982** | **6** | **6,239** | **6,163** |
| 27 | *Physical traded commodities* | | | | - | - |
| 28 | *Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs* | | 16 | 6 | 5,798 | 4,947 |
| 29 | *NSFR derivative assets* | | - | | | - |
| 30 | *NSFR derivative liabilities before deduction of variation margin posted* | | 15,498 | | | 775 |
| 31 | *All other assets not included in the above categories* | | 468 | - | 441 | 441 |
| 32 | Off-balance sheet items | | **961** | **-** | **-** | **48** |
| **33** | **Total RSF** | | | | | **18,716** |
| **34** | **Net Stable Funding Ratio (%)** | | | | | **154.67%** |

## Template UK LIQ2: Net Stable Funding Ratio for NIP

| $m | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | | Unweighted value by residual maturity (average) | | | | Weighted value (average) |
| | | No maturity | < 6 months | 6 months to < 1yr | ≥ 1yr | |
| **Available stable funding (ASF) Items** | | | | | | |
| 1 | Capital items and instruments | **5,233** | **-** | **-** | **1,260** | **6,493** |
| 2 | *Own funds* | 5,233 | - | - | 1,260 | 6,493 |
| 3 | *Other capital instruments* | | - | - | - | - |
| 4 | Retail deposits | | **-** | **-** | **-** | **-** |
| 5 | *Stable deposits* | | - | - | - | - |
| 6 | *Less stable deposits* | | - | - | - | - |
| 7 | Wholesale funding: | | **57,307** | **1,784** | **17,140** | **18,131** |
| 8 | *Operational deposits* | | - | - | - | - |
| 9 | *Other wholesale funding* | | 57,307 | 1,784 | 17,140 | 18.131 |
| 10 | Interdependent liabilities | | **-** | **-** | **-** | **-** |
| 11 | Other liabilities: | **1,570** | **7,089** | **-** | **-** | **-** |
| 12 | *NSFR derivative liabilities* | 1,570 | | | | |
| 13 | *All other liabilities and capital instruments not included in the above categories* | | 7,089 | - | - | - |
| **14** | **Total available stable funding (ASF)** | | | | | **24,624** |
| **Required stable funding (RSF) Items** | | | | | | |
| 15 | Total high-quality liquid assets (HQLA) | | | | | **3,279** |
| UK-15a | Assets encumbered for more than 12m in cover pool | | **-** | **-** | **-** | **-** |
| 16 | Deposits held at other financial institutions for operational purposes | | **-** | **-** | **-** | **-** |
| 17 | Performing loans and securities: | | **69,646** | **1,028** | **5,608** | **8,786** |
| 18 | *Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut* | | 38,553 | 154 | 173 | 389 |
| 19 | *Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions* | | 30,451 | 675 | 1,873 | 4,827 |
| 20 | *Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:* | | 415 | 106 | 257 | 478 |
| 21 | *With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk* | | 150 | - | - | 75 |
| 22 | *Performing residential mortgages, of which:* | | - | - | - | - |
| 23 | *With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk* | | - | - | - | - |
| 24 | *Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products* | | 227 | 93 | 3,305 | 3,092 |
| 25 | Interdependent assets | | **-** | **-** | **-** | **-** |
| 26 | Other assets: | | **13,434** | **-** | **5,751** | **5,580** |
| 27 | *Physical traded commodities* | | | | - | - |
| 28 | *Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs* | | - | - | 5,475 | 4,653 |
| 29 | *NSFR derivative assets* | | - | | | - |
| 30 | *NSFR derivative liabilities before deduction of variation margin posted* | | 13,010 | | | 651 |
| 31 | *All other assets not included in the above categories* | | 424 | - | 276 | 276 |
| 32 | Off-balance sheet items | | **839** | **-** | **-** | **42** |
| **33** | **Total RSF** | | | | | **17,687** |
| **34** | **Net Stable Funding Ratio (%)** | | | | | **139.21%** |

## Main Drivers of NSFR

The main drivers of available stable funding are Wholesale funding from financial customers and Capital.

The main drivers of required stable funding are Level 2B and non-HQLA long inventory, Secured financing transactions collateralised by non-HQLA and Derivatives Initial Margin posted.

## 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 values disclosed are calculated using the rolling quarterly medians over the previous twelve months. Note the rows in the tables below are not additive, with the median calculated individually across cells.

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. Transactions are not generally over-collateralised.

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 has remained relatively stable and 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. A portion of the Group's business is conducted in G7 currencies as well as US Dollars. The majority of the on-balance sheet assets are not subject to any form of encumbrance, given they are mostly cash or receivable assets. 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.

## Template UK AE1 – Encumbered and unencumbered assets for the Group

Below table shows the encumbered and unencumbered assets for the Group as at 31st March 2023:

| | The Group | Carrying amount of encumbered assets | | Fair value of encumbered assets | | Carrying amount of unencumbered assets | | Fair value of unencumbered assets | |
|---|---|---|---|---|---|---|---|---|---|
| | | | of which notionally eligible EHQLA and HQLA | | of which notionally eligible EHQLA and HQLA | | of which EHQLA and HQLA | | of which EHQLA and HQLA |
| | **$m** | 010 | 030 | 040 | 050 | 060 | 080 | 090 | 100 |
| **010** | **Assets of the reporting institution** | **20,732** | **5,662** | | | **309,072** | **6,124** | | |
| 030 | Equity instruments | 4,377 | 2,155 | | | 654 | 125 | | |
| 040 | Debt securities | 4,897 | 3,508 | 4,897 | 3,508 | 1,418 | 1,031 | 1,418 | 1,031 |
| 050 | of which: covered bonds | - | - | - | - | - | - | - | - |
| 060 | of which: asset-backed securities | - | - | - | - | - | - | - | - |
| 070 | of which: issued by general governments | 3,270 | 3,260 | 3,270 | 3,260 | 1,023 | 998 | 1,023 | 998 |
| 080 | of which: issued by financial corporations | 520 | - | 520 | - | 199 | 3 | 199 | 3 |
| 090 | of which: issued by non-financial corporations | 984 | 267 | 984 | 267 | 226 | 29 | 226 | 29 |
| 120 | Other assets[1] | 11,860 | - | | | 307,006 | 4,968 | | |

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

## Template UK AE1 – Encumbered and unencumbered assets for NIP

Below table shows the encumbered and unencumbered assets for NIP as at 31st March 2023:

| | NIP | Carrying amount of encumbered assets | | Fair value of encumbered assets | | Carrying amount of unencumbered assets | | Fair value of unencumbered assets | |
|---|---|---|---|---|---|---|---|---|---|
| | | | of which notionally eligible EHQLA and HQLA | | of which notionally eligible EHQLA and HQLA | | of which EHQLA and HQLA | | of which EHQLA and HQLA |
| | **$m** | 010 | 030 | 040 | 050 | 060 | 080 | 090 | 100 |
| **010** | **Assets of the reporting institution** | **18,631** | **5,881** | | | **266,333** | **4,235** | | |
| 030 | Equity instruments | 4,275 | 2,522 | | | 654 | 126 | | |
| 040 | Debt securities | 4,949 | 3,359 | 4,949 | 3,359 | 494 | 199 | 494 | 199 |
| 050 | of which: covered bonds | - | - | - | - | - | - | - | - |
| 060 | of which: asset-backed securities | - | - | - | - | - | - | - | - |
| 070 | of which: issued by general governments | 3,179 | 3,042 | 3,179 | 3,042 | 210 | 185 | 210 | 185 |
| 080 | of which: issued by financial corporations | 549 | - | 549 | - | 137 | - | 137 | - |
| 090 | of which: issued by non-financial corporations | 1,076 | 278 | 1,076 | 278 | 120 | 12 | 120 | 12 |
| 120 | Other assets[1] | 9,751 | - | | | 265,103 | 3,954 | | |

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

## Template UK AE2 – Collateral received and own debt securities issued for the Group

The table below shows the Collateral received and own debt securities issued by the Group as at 31st March 2023:

| | The Group | Fair value of encumbered collateral received or own debt securities issued | | Unencumbered<br>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 |
| | **$m** | 010 | 030 | 040 | 060 |
| **130** | **Collateral received by the reporting institution** | **127,087** | **106,828** | **22,504** | **18,708** |
| 140 | Loans on demand | - | - | - | - |
| 150 | Equity instruments | 11,223 | 7,476 | 484 | 184 |
| 160 | Debt securities | 116,316 | 102,609 | 22,020 | 18,512 |
| 170 | of which: covered bonds | 875 | 1 | 11 | - |
| 180 | of which: securitisations | 1,093 | 184 | 479 | - |
| 190 | of which: issued by general governments | 100,695 | 99,207 | 18,028 | 17,839 |
| 200 | of which: issued by financial corporations | 6,662 | 181 | 2,037 | 221 |
| 210 | of which: issued by non-financial corporations | 6,919 | 2,854 | 1,125 | 418 |
| 220 | Loans and advances other than loans on demand | - | - | - | - |
| 230 | Other collateral received | - | - | - | - |
| **240** | **Own debt securities issued other than own covered bonds or securitisations** | - | - | - | - |
| **241** | **Own covered bonds and asset-backed securities issued and not yet pledged** | | | - | - |
| **250** | **TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED** | 147,692 | 111,028 | | |

## Template UK AE2 – Collateral received and own debt securities issued for NIP

The table below shows the Collateral received and own debt securities issued by NIP as at 31st March 2023:

| | NIP | Fair value of encumbered collateral received or own debt securities issued | | Unencumbered<br>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 |
| | **$m** | 010 | 030 | 040 | 060 |
| **130** | **Collateral received by the reporting institution** | **128,389** | **106,828** | **17,681** | **15,584** |
| 140 | Loans on demand | - | - | - | - |
| 150 | Equity instruments | 11,155 | 7,476 | 484 | 184 |
| 160 | Debt securities | 117,664 | 102,636 | 17,196 | 15,388 |
| 170 | of which: covered bonds | 876 | 1 | 10 | - |
| 180 | of which: securitisations | 1,392 | 184 | 190 | - |
| 190 | of which: issued by general governments | 100,509 | 98,997 | 15,050 | 14,961 |
| 200 | of which: issued by financial corporations | 7,435 | 201 | 1,087 | 217 |
| 210 | of which: issued by non-financial corporations | 7,305 | 2,909 | 517 | 181 |
| 220 | Loans and advances other than loans on demand | - | - | - | - |
| 230 | Other collateral received | - | - | - | - |
| **240** | **Own debt securities issued other than own covered bonds or securitisations** | - | - | - | - |
| **241** | **Own covered bonds and asset-backed securities issued and not yet pledged** | | | - | - |
| **250** | **TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED** | 146,818 | 110,874 | | |

## Template UK AE3 – Sources of encumbrance for the Group

Below table shows the sources of encumbrance for the Group as at 31st March 2023:

| The Group | Matching liabilities, contingent liabilities or securities lent | Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered |
|---|---|---|
| **$m** | 10 | 30 |
| **Carrying amount of selected financial liabilities[1]** | 132,244 | 129,718 |

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

## Template UK AE3 – Sources of encumbrance for NIP

Below table shows the sources of encumbrance for NIP as at 31st March 2023:

| NIP | Matching liabilities, contingent liabilities or securities lent | Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered |
|---|---|---|
| **$m** | 10 | 30 |
| **Carrying amount of selected financial liabilities*** | 135,459 | 131,040 |

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

# Remuneration Disclosures

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

Due to their size, several 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 from Financial Conduct Authority ("FCA") and Prudential Regulation Authority ("PRA"), 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 is a global 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 developed its global compensation policy ("Basic Nomura Group Compensation Policy") applicable to all of its subsidiaries, to ensure it attracts, retains, motivates and develops talent and promotes good behaviour. It does so as a means of achieving sustainable growth and sound and effective risk management, realizing a long-term increase in shareholder value, delivering client excellence, competing in a global market and enhancing its reputation.

### NEHS Remuneration Policy

The purpose of the NEHS Remuneration Policy is to ensure that NEHS remuneration practices and processes align with the Basic Nomura Group Compensation Policy while satisfying the local regulatory requirements, particularly the PRA Rulebook and the FCA Handbook.

One of the key 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 behaviours across the Group.

Diversity, Equity and Inclusion is supported by the NEHS Remuneration Policy as 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 both an internal and external appropriateness perspective.

In 2022/23, the NEHS Remuneration Policy was updated to align with the regulatory expectations of remuneration structures rewarding strong risk management and discouraging irresponsible risk-taking. All the changes were reviewed by the NEHS Remuneration Committee (described below) and 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 2022/23 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 terms 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 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 7 meetings for the 2022/23 fiscal year.

The Committee has authority to appoint external consultants and to obtain reliable, up-to-date information about remuneration practices. The Committee did not engage independent consultants in 2022/23.

At the global level, governance bodies of the NHI, such as 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.

### "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 based on the Risk Weighed Assets ("RWA") is the Risk Adjusted Contribution ("RAC") which aims at ensuring the Group appropriately considers variable remuneration funding across the different business cycles. In addition, the Personnel

Expense ("PE") / Risk-adjusted Revenue based on RWA risk metric is also considered, reflecting the amount of capital and risk applied, and an appropriate economic charge.

### 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 Risk Management, Compliance and Internal Audit "Control Functions" highlighting performance and risk-related themes, trends and, where applicable, specific issues;
- Market conditions and franchise stability;
- 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. 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 may, at the invitation of the Committee Chair, attend all or parts of the Committee meetings and provide updates from their respective functions perspective. The Head of Internal Audit attends most of the meetings as an observer, providing updates on any areas of concern as necessary including at year-end.

At the end of 2022/23 fiscal year, a Joint Board Risk Committee and Remuneration Committee meeting took place and a Draft Financial and Non-Financial Risks Report was presented by the Chief Risk Officer and Head of Compliance. The initial report included a year to date update on the effectiveness of firm's control environment within 1st Line of Defence, with particular focus on:

- Financial and Non-Financial Risk Appetite dashboards highlighting actual risk levels against firm's risk appetite and additional commentary on instances where these levels were breached;
- 1st Line of Defence management actions and recent enhancements made to risk & controls frameworks;
- Risk exposure levels, including climate risk measures;
- Material changes in conduct profile of business areas as well as views whether any potential systematic behavioural issues were observed;
- Operational Risk Profile;
- Speaking Up Events;
- Formal regulatory sanctions;
- MiFID II complaints/impact on clients, etc.

Also, Internal Audit gave an overall update presenting a number of qualitative and quantitative considerations on the firm's control environment.

Final reports from Control Functions covering the entire fiscal year have been submitted to the Committee for consideration before final remuneration decisions are made.

In addition, the Finance function provides an update on the financial performance of the Group at relevant Committee meetings. 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 nor the business' performance. 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, 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.<br>■ Rewards individuals for their knowledge, skills, competencies, experience, role and responsibilities.<br>■ Levels sufficient to absorb changes in the amount of variable remuneration (including reduction to zero). | ■ Base salary<br>■ Additional Fixed Pay |
| Variable Remuneration | ■ Discretionary.<br>■ Rewards and incentivises financial and non-financial performance.<br>■ The approach to determining the total amount of variable remuneration is described under "Variable Remuneration Funding Determination" above.<br>■ 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.<br>■ 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.<br>■ In certain situations, severance payments can be made to leavers. In accordance with the regulatory requirements, such payments reflect performance achieved over time and they do not reward failure or misconduct. | ■ Cash bonus (non-deferred remuneration)<br>■ Share-linked instruments (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 2022/23 fiscal year exceeded the agreed threshold.

## Variable Remuneration Delivery

The variable remuneration at Nomura is delivered as follows:

### Non-Deferred Remuneration

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 in cash 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. These 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

- Restricted Stock Units ("RSU") Plan

Each RSU delivers one share of NHI common stock. For 2022/23 awards, they are deferred over at least three years, vesting in equal annual instalments.

- Notional Stock Units ("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 as part of the non-deferred bonus for MRTs or as replacement awards for new hires, but they may also be used as part of year-end awards in limited circumstances.

### Legacy Plans Granted in Prior Performance Years

- Collared Notional Stock Unit ("CSU") Plan

To support the Wholesale bonus pool, and to manage the level of cash awards in 2021/22 fiscal year, a supplemental deferral award was provided to some employees in Wholesale. The plan was linked to the value of the NHI share price, subject to a collar of +/-10% of grant price. The awards settle in cash.

- 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 equal annual instalments.

- 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.

- Deferred Cash ("DCA") Plan

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

## Ex-post Risk Adjustments

Ex-post risk adjustments of variable remuneration are necessary to align risk and remuneration. 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).

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 may have fallen below the Group's expectations are identified by the Control functions, support functions or 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. The ERRF comprises NEHS CEO, Vice Chairman and Head of Human Resources. Its meetings are also attended by the Chief Operating Officer, Chief Risk Officer, Head of Legal, Compliance and Controls, Head of Compliance and Head of Reward.

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 NEHS Remuneration Committee. If appropriate, 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 NHI-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 NHI-related entity;
- NHI or any NHI-related entity suffers a material downturn in performance;
- NHI or any NHI-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 NHI-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 NHI-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 Reward. Malus provisions were enforced during 2022/23 performance year.

### 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 are 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 2023 for members of the Senior Management and Other staff within the Group.

## Template UK REM1 – Remuneration awarded for the financial year for the Group

| $m | | | Senior Management[1] | Other identified staff[2] | Total |
|---|---|---|---|---|---|
| 1 | Fixed remuneration | Number of staff | 19 | 290 | **309** |
| 2 | | Total fixed remuneration ($m) | 18.51 | 131.00 | **149.51** |
| 3 | | *Of which: cash-based ($m)* | 18.51 | 131.00 | **149.51** |
| UK-4a | | *Of which: shares or equivalent ownership interests ($m)* | 0.00 | 0.00 | **0.00** |
| 5 | | *Of which: share-linked or equivalent non-cash instruments ($m)* | 0.00 | 0.00 | **0.00** |
| UK-5x | | *Of which: other instruments ($m)* | 0.00 | 0.00 | **0.00** |
| 7 | | *Of which: other forms ($m)* | 0.00 | 0.00 | **0.00** |
| 10 | Variable remuneration | Total variable remuneration ($m) | 9.06 | 97.75 | **106.81** |
| 11 | | *Of which: cash-based ($m)* | 2.13 | 24.94 | **27.07** |
| 12 | | *Of which: deferred ($m)* | 0.00 | 0.00 | **0.00** |
| UK-13a | | *Of which: shares or equivalent ownership interests ($m)* | 0.00 | 0.00 | **0.00** |
| UK-14a | | *Of which: deferred ($m)* | 0.00 | 0.00 | **0.00** |
| UK-13b | | *Of which: share-linked instruments or equivalent non-cash instruments ($m)* | 6.93 | 72.81 | **79.74** |
| UK-14b | | *Of which: deferred ($m)* | 4.89 | 48.97 | **53.86** |
| UK-14x | | *Of which: other instruments ($m)* | 0.00 | 0.00 | **0.00** |
| UK-14y | | *Of which: deferred ($m)* | 0.00 | 0.00 | **0.00** |
| 15 | | *Of which: other forms ($m)* | 0.00 | 0.00 | **0.00** |
| 16 | | *Of which: deferred ($m)* | 0.00 | 0.00 | **0.00** |
| 17 | **Total Remuneration ($m)** | | **27.56** | **228.75** | **256.31** |

## Template UK REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) for the Group

| | $m | Senior Management | Other identified staff | Total |
|---|---|---|---|---|
| | Guaranteed variable remuneration awards | | | |
| 1 | Guaranteed variable remuneration – number of staff | 0 | 2 | **2** |
| 2 | Guaranteed variable awards ($m) – total amount | 0.00 | 0.76 | **0.76** |
| 3 | *Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap* | 0.00 | 0.00 | **0.00** |
| | Severance payments awarded in previous periods, that have been paid out during the financial year | | | |
| 4 | Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff | 0 | 0 | **0** |
| 5 | Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount | 0.00 | 0.00 | **0.00** |
| | Severance payments awarded during the financial year | | | |
| 6 | Severance[7] payments awarded during the financial year – number of staff | - | 13 | **13** |
| 7 | Severance payments awarded during the financial year ($m ) – total amount | - | 2.90 | **2.90** |
| 8 | *Of which paid during the financial year* | - | 2.90 | **2.90** |
| 9 | *Of which deferred* | - | - | **0.00** |
| 10 | *Of which severance payments paid during the financial year, that are not taken into account in the bonus cap* | - | - | - |
| 11 | *Of which highest payment that has been awarded to a single person ($m)* | - | 0.34 | **0.34** |

## Template UK REM3 – Deferred remuneration for the Group

| Deferred and retained remuneration | Total amount of deferred remuneration awarded for previous performance periods[4] | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year[6] | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years[6] | Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year[5] | Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |
|---|---|---|---|---|---|---|---|---|
| **Senior Management** | **57.43** | **10.53** | **46.90** | **0.00** | **0.00** | **(1.04)** | **5.07** | **0.00** |
| Cash-based | 28.72 | 5.26 | 23.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Shares or equivalent ownership interests | 10.11 | 2.08 | 8.04 | 0.00 | 0.00 | (0.08) | 1.88 | 0.00 |
| Share-linked instruments or equivalent non-cash instruments | 17.27 | 2.75 | 14.52 | 0.00 | 0.00 | (0.80) | 2.75 | 0.00 |
| Other instruments | 1.33 | 0.44 | 0.90 | 0.00 | 0.00 | (0.16) | 0.44 | 0.00 |
| Other forms | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Other identified staff** | **159.82** | **56.73** | **103.09** | **(0.12)** | **(0.33)** | **(0.48)** | **29.69** | **0.00** |
| Cash-based | 79.91 | 28.37 | 51.55 | 0.00 | 0.00 | (0.00) | 0.00 | 0.00 |
| Shares or equivalent ownership interests | 79.64 | 28.20 | 51.44 | (0.12) | (0.33) | (0.48) | 29.53 | 0.00 |
| Share-linked instruments or equivalent non-cash instruments | 0.27 | 0.16 | 0.11 | 0.00 | 0.00 | (0.00) | 0.16 | 0.00 |
| Other instruments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.00) | 0.00 | 0.00 |
| Other forms | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (0.00) | 0.00 | 0.00 |
| **Total amount** | **217.25** | **67.26** | **149.99** | **(0.12)** | **(0.33)** | **(1.52)** | **34.75** | **0.00** |

## Template UK REM4 – Remuneration of 1 million EUR or more per year

| EUR[8] | Identified staff that are high earners as set out in Article 450(i) |
|---|---|
| 1 000 000 to below 1 500 000 | 34 |
| 1 500 000 to below 2 000 000 | 23 |
| 2 000 000 to below 2 500 000 | 5 |
| 2 500 000 to below 3 000 000 | 6 |
| 3 000 000 to below 3 500 000 | 0 |
| 3 500 000 to below 4 000 000 | 2 |
| more than 4 000 000 | 2 |

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

## Template UK REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

| | Remuneration awarded for the financial year | Investment banking | Corporate functions | Independent Control functions |
|---|---|---|---|---|
| | Number of staff | 255 | 30 | 24 |
| | Of which: senior management | 4 | 11 | 4 |
| | Of which: other identified staff | 251 | 19 | 20 |
| | Variable remuneration $m | 93.08 | 9.50 | 4.23 |
| | Fixed remuneration $m | 128.59 | 13.58 | 7.34 |
| **Total Remuneration ($m)** | | **221.67** | **23.08** | **11.56** |

***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. The numbers for this group have been aggregated for confidentiality reasons.*
2. *'Other identified 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 2023*
4. *Awards outstanding at 31st March 2023 have been valued based on deferred vehicle prices as at 31st March 2023*
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 0.96469)*

# Capital Instruments and Eligible MREL Liabilities

The Minimum Requirement for Own Funds and Eligible Liabilities ("MREL") was applicable to NEHS and NIP from 1 January 2020. In preparation for the initial 1 January 2020 requirement, both NIP and the Group converted all of their Tier 2 Subordinated Debt into long term MREL eligible debt. In addition to this, NIP converted $1,050m of its senior unsecured debt into long term MREL eligible debt. In January 2022, both NIP and the Group were subject to the end-state MREL requirement. As part of meeting this requirement, NIP increased its issuance of MREL senior debt from $1,050m, to $2,450m and the Group issued a new MREL senior debt instrument of $1,200m. No changes have been made to the notional of Tier 2 in either the Group or NIP in the year to March 2023. Both the Group and NIP maintain sufficient capital resources to comply with MREL as required by the Bank of England from 1 January 2023.

The table below shows the capital instruments and eligible MREL liabilities for the Group and NIP as at 31st March 2023.

## Template UK CCA – Main features of regulatory own funds instruments and eligible liabilities instruments for the Group

| The Group | | Ordinary Shares | Subordinated debt | Subordinated debt | Senior Debt |
|---|---|---|---|---|---|
| 1 | Issuer | Nomura Europe Holdings Plc. | Nomura Europe Holdings Plc. | Nomura Europe Holdings Plc. | Nomura Europe Holdings Plc. |
| 2 | Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | N/A | N/A | N/A | N/A |
| 2a | Public or private placement | N/A | N/A | N/A | N/A |
| 3 | Governing law(s) of the instrument | English Law | English Law | English Law | English Law |
| 3a | Contractual recognition of write down and conversion powers of resolution authorities | N/A | Conversion only | Conversion only | N/A |
| | **Regulatory treatment** | | | | |
| 4 | Current treatment taking into account, where applicable, transitional CRR rules | Common Equity Tier 1 | Tier 2 | Tier 2 | Eligible Liability |
| 5 | Post-transitional CRR rules | Common Equity Tier 1 | Tier 2 | Tier 2 | Eligible Liability |
| 6 | Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated | Consolidated | Consolidated | Consolidated | Solo |
| 7 | Instrument type (types to be specified by each jurisdiction) | Ordinary Shares | Long-term subordinated facility | Long-term subordinated facility | Senior unsecured |
| 8 | Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) | $3,391m | $1,260m | $900m | $1,200m |
| 9 | Nominal amount of instrument | $3,391m | $1,260m | $900m | $1,200m |
| UK-9a | Issue price | $1 per share | $1,260m | $900m | $1,200m |
| UK-9b | Redemption price | N/A | $1,260m | $900m | $1,200m |
| 10 | Accounting classification | Shareholders Equity | Liability - Amortised Cost | Liability - Amortised Cost | Liability - Amortised Cost |
| 11 | Original date of issuance | Various | 18/12/2019 | 18/12/2019 | 09/12/2021 |
| 12 | Perpetual or dated | Perpetual | Dated | Dated | Dated |
| 13 | Original maturity date | No Maturity | Originally scheduled: 18/12/2026 Extended to: 02/12/2028 | Originally scheduled: 18/12/2026 Extended to: 02/12/2028 | Originally scheduled: 18/12/2026 Extended to: 02/12/2028 |
| 14 | Issuer call subject to prior supervisory approval | N/A | Yes | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | N/A | 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 | 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 | N/A | 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 | 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 | N/A | Floating | Floating | Floating |
| 18 | Coupon rate and any related index | N/A | SOFR + 190bp | SOFR + 190bp | SOFR + 131bp |
| 19 | Existence of a dividend stopper | No | No | No | No |
| UK-20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary | Mandatory | Mandatory | Mandatory |
| UK-20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary | Mandatory | Mandatory | Mandatory |
| 21 | Existence of step up or other incentive to redeem | No | No | No | No |
| 22 | Noncumulative or cumulative | Noncumulative | Noncumulative | Noncumulative | Noncumulative |
| 23 | Convertible or non-convertible | Non-convertible | Convertible | Convertible | Convertible |
| 24 | If convertible, conversion trigger(s) | N/A | 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 | Contractual recognition of bail-in by Resolution Authority at point of non-viability |
| 25 | If convertible, fully or partially | N/A | Determination by resolution authority | Determination by resolution authority | Determination by resolution authority |
| 26 | If convertible, conversion rate | N/A | Determination by resolution authority | Determination by resolution authority | Determination by resolution authority |
| 27 | If convertible, mandatory or optional conversion | N/A | Determination by resolution authority | Determination by resolution authority | Determination by resolution authority |
| 28 | If convertible, specify instrument type convertible into | N/A | Ordinary Shares | Ordinary Shares | Ordinary Shares |
| 29 | If convertible, specify issuer of instrument it converts into | N/A | NEHS is the issuer | NEHS is the issuer | NIP is the issuer |
| 30 | Write-down features | N/A | N/A | N/A | N/A |
| 31 | If write-down, write-down trigger(s) | N/A | N/A | N/A | N/A |
| 32 | If write-down, full or partial | N/A | N/A | N/A | N/A |
| 33 | If write-down, permanent or temporary | N/A | N/A | N/A | N/A |
| 34 | If temporary write-down, description of write-up mechanism | N/A | N/A | N/A | N/A |
| 34a | Type of subordination (only for eligible liabilities) | N/A | Contractually subordinated | Contractually subordinated | Contractually subordinated |
| UK-34b | Ranking of the instrument in normal insolvency proceedings | Junior to all other instruments | At all times including in winding-up, administration or resolution action relating to the Borrower, the claims of the Lender in respect of the Loan will be subordinated to all claims arising from Eligible Liabilities Instruments as defined in Article 72b of the CRR. Internal MREL Tier 2 is subordinated to Nomura Internal MREL Senior Non-Preferred Loans; ranks pari passu with other Tier 2 instruments issued by the borrower and ranks in priority to further subordinated instruments (of which there are none) and share capital. | At all times including in winding-up, administration or resolution action relating to the Borrower, the claims of the Lender in respect of the Loan will be subordinated to all claims arising from Eligible Liabilities Instruments as defined in Article 72b of the CRR.<br>Internal MREL Tier 2 is subordinated to Nomura Internal MREL Senior Non-Preferred Loans; ranks pari passu with other Tier 2 instruments issued by the borrower and ranks in priority to further subordinated instruments (of which there are none) and share capital. | At all times including in winding-up, administration or resolution action relating to the Borrower, the claims of the Lender in respect of the Loan will be subordinated to all claims of Senior Creditors; rank *pari passu* with all other subordinated obligations (and eligible liabilities instruments); rank in priority to Tier 2. |

| | | | | | |
|---|---|---|---|---|---|
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Perpetual unsecured | Other Creditors<br>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<br>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 | Claims of Senior Creditors |
| 36 | Non-compliant transitioned features | N/A | N/A | N/A | N/A |
| 37 | If yes, specify non-compliant features | N/A | N/A | N/A | N/A |
| 37a | Link to the full term and conditions of the instrument (signposting) | N/A | N/A | N/A | N/A |

## Template UK CCA – Main features of regulatory own funds instruments and eligible liabilities instruments for NIP

| NIP | | Ordinary Shares | Subordinated debt | Senior Debt |
|---|---|---|---|---|
| 1 | Issuer | Nomura International Plc. | Nomura International Plc. | Nomura International Plc. |
| 2 | Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) | N/A | N/A | N/A |
| 2a | Public or private placement | N/A | N/A | N/A |
| 3 | Governing law(s) of the instrument | English Law | English Law | English Law |
| 3a | Contractual recognition of write down and conversion powers of resolution authorities | N/A | Conversion only | N/A |
| | **Regulatory treatment** | | | |
| 4 | Current treatment taking into account, where applicable, transitional CRR rules | Common Equity Tier 1 | Tier 2 | Eligible Liability |
| 5 | Post-transitional CRR rules | Common Equity Tier 1 | Tier 2 | Eligible Liability |
| 6 | Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated | Solo | Solo | Solo |
| 7 | Instrument type (types to be specified by each jurisdiction) | Ordinary Shares | Long-term subordinated facility | Senior unsecured |
| 8 | Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date) | $3,241m | $1,260m | $2,450m |
| 9 | Nominal amount of instrument | $3,241m | $1,260m | $2,450m |
| UK-9a | Issue price | $1 per share | $1,260m | $2,450m |
| UK-9b | Redemption price | N/A | $1,260m | $2,450m |
| 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 | Originally scheduled: 18/12/2026<br>Extended to: 02/12/2028 | Originally scheduled: 18/12/2026<br>Extended to: 02/12/2028 |
| 14 | Issuer call subject to prior supervisory approval | N/A | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | N/A | 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 | N/A | 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 | N/A | Floating | Floating |
| 18 | Coupon rate and any related index | N/A | SOFR + 190bp | SOFR + 131bp |
| 19 | Existence of a dividend stopper | No | No | No |
| UK-20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary | Mandatory | Mandatory |
| UK-20b | Fully discretionary, partially discretionary or mandatory (in terms 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 | Non-convertible | Convertible | Convertible |
| 24 | If convertible, conversion trigger(s) | N/A | 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 | N/A | Determination by resolution authority | Determination by resolution authority |
| 26 | If convertible, conversion rate | N/A | Determination by resolution authority | Determination by resolution authority |
| 27 | If convertible, mandatory or optional conversion | N/A | Determination by resolution authority | Determination by resolution authority |
| 28 | If convertible, specify instrument type convertible into | N/A | Ordinary Shares | Ordinary Shares |
| 29 | If convertible, specify issuer of instrument it converts into | N/A | NIP is the issuer | NIP is the issuer |
| 30 | Write-down features | N/A | N/A | N/A |
| 31 | If write-down, write-down trigger(s) | N/A | N/A | N/A |
| 32 | If write-down, full or partial | N/A | N/A | N/A |
| 33 | If write-down, permanent or temporary | N/A | N/A | N/A |
| 34 | If temporary write-down, description of write-up mechanism | N/A | N/A | N/A |
| 34a | Type of subordination (only for eligible liabilities) | N/A | Contractually subordinated | Contractually subordinated |
| UK-34b | Ranking of the instrument in normal insolvency proceedings | Junior to all other instruments | At all times including in winding-up, administration or resolution action relating to the Borrower, the claims of the Lender in respect of the Loan will be subordinated to all claims arising from Eligible Liabilities Instruments as defined in Article 72b of the CRR.<br>Internal MREL Tier 2 is subordinated to Nomura Internal MREL Senior Non-Preferred Loans; ranks pari passu with other Tier 2 instruments issued by the borrower and ranks in priority to further subordinated instruments (of which there are none) and share capital. | At all times including in winding-up, administration or resolution action relating to the Borrower, the claims of the Lender in respect of the Loan will be subordinated to all claims of Senior Creditors; rank pari passu with all other subordinated obligations (and eligible liabilities instruments); rank in priority to Tier 2. |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Perpetual unsecured | Other Creditors<br>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 | Claims of Senior Creditors |
| 36 | Non-compliant transitioned features | N/A | N/A | N/A |
| 37 | If yes, specify non-compliant features | N/A | N/A | N/A |
| 37a | Link to the full term and conditions of the instrument (signposting) | N/A | N/A | N/A |

# Analysis of Past Due, Non-Performing and Forborne Exposures

Disclosure of non-performing, forborne and past due exposures provide additional information to assess the risk profile of the institution.

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 templates are not applicable on the basis that its non-performing loan ratio is significantly lower than the reporting threshold.

The remaining templates are not subject to threshold criteria, however templates CQ1 'Credit quality of forborne exposures' and CQ7 "Collateral obtained by taking possession and execution process" are not applicable as the Group has no forborne exposures and no collateral taken into possession that is recognised on the balance sheet as at 31st March 2023.

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 UK CR1-A – Maturity of exposures for the Group and NIP

| | | The Group | | | | | |
|---|---|---|---|---|---|---|---|
| | $m | a | b | c | d | e | f |
| | | Net exposure value | | | | | |
| | | On demand | <= 1 year | > 1 year <= 5 years | > 5 years | No stated maturity | Total |
| 1 | Loans and advances | 30,300 | 51,759 | 1,783 | 531 | - | 84,373 |
| 2 | Debt securities | 3 | 963 | - | - | - | 966 |
| ***3*** | ***Total*** | 30,303 | 52,722 | 1,783 | 531 | - | 85,339 |

| | | NIP | | | | | |
|---|---|---|---|---|---|---|---|
| | $m | a | b | c | d | e | f |
| | | Net exposure value | | | | | |
| | | On demand | <= 1 year | > 1 year <= 5 years | > 5 years | No stated maturity | Total |
| 1 | Loans and advances | 28,378 | 48,022 | 2,100 | 1,288 | - | 79,788 |
| 2 | Debt securities | - | - | - | - | - | - |
| ***3*** | ***Total*** | 28,378 | 48,022 | 2,100 | 1,288 | - | 79,788 |

## Template UK CR1 – Performing and non-performing exposures and related provisions for the Group

| | $m | a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | | | |
| 5 | Cash balances at central banks and other demand deposits | 6,006 | 6,006 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Loans and advances | 84,375 | 15,119 | 18 | - | - | - | (2) | (1) | (1) | - | - | - | - | 70,342 | - |
| 20 | Central banks | 230 | 47 | - | - | - | - | - | - | - | - | - | - | - | 183 | - |
| 30 | General governments | 1,412 | 85 | - | - | - | - | - | - | - | - | - | - | - | 1,327 | - |
| 40 | Credit institutions | 17,209 | 6,116 | - | - | - | - | - | - | - | - | - | - | - | 11,515 | - |
| 50 | Other financial corporations | 64,966 | 8,727 | 1 | - | - | - | (1) | - | (1) | - | - | - | - | 56,887 | - |
| 60 | Non-financial corporations | 557 | 143 | 17 | - | - | - | (1) | (1) | - | - | - | - | - | 430 | - |
| 70 | Of which SMEs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 80 | Households | 1 | 1 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 90 | Debt securities | 966 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 100 | Central banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 110 | General governments | 929 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 120 | Credit institutions | 34 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 130 | Other financial corporations | 3 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 140 | Non-financial corporations | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 150 | Off-balance-sheet exposures | 649 | 521 | 128 | - | - | - | (1) | - | - | - | - | - | | - | - |
| 160 | Central banks | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 170 | General governments | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 180 | Credit institutions | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 190 | Other financial corporations | 232 | 232 | - | - | - | - | - | - | - | - | - | - | | - | - |
| 200 | Non-financial corporations | 417 | 289 | 128 | - | - | - | (1) | - | - | - | - | - | | - | - |
| 210 | Households | - | - | - | - | - | - | - | - | - | - | - | - | | - | - |
| 220 | **Total** | **91,996** | **21,646** | **146** | **-** | **-** | **-** | **(3)** | **(1)** | **(1)** | **-** | **-** | **-** | **-** | **70,342** | **-** |

## Template UK CQ3 – Credit quality of performing and non-performing exposures by past due days for the Group

| | | a | b | c | d | e | f | g | h | i | j | k | l |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Group Gross carrying amount/nominal amount | | | | | | | | | | | |
| | | Performing exposures | | | Non-performing exposures | | | | | | | | |
| | $m | | Of which Not past due or past due ≤ 30 days | Of which Past due > 30 days ≤ 90 days | | Of which Unlikely to pay that are not past due or are past due ≤ 90 days | Of which past due > 90 days ≤ 180 days | Of which past due > 180 days ≤ 1 year | Of which past due > 1 year ≤ 2 years | Of which past due > 2 years ≤ 5 years | Of which past due > 5 years ≤ 7 years | Of which past due > 7 years | Of which defaulted |
| 005 | Cash balances at central banks and other demand deposits | 6,006 | 6,006 | - | - | - | - | - | - | - | - | - | - |
| 010 | Loans and advances | 84,375 | 84,283 | 92 | - | - | - | - | - | - | - | - | - |
| 020 | Central banks | 230 | 230 | - | - | - | - | - | - | - | - | - | - |
| 030 | General governments | 1,412 | 1,412 | - | - | - | - | - | - | - | - | - | - |
| 040 | Credit institutions | 17,209 | 17,209 | - | - | - | - | - | - | - | - | - | - |
| 050 | Other financial corporations | 64,966 | 64,875 | 91 | - | - | - | - | - | - | - | - | - |
| 060 | Non-financial corporations | 557 | 556 | 1 | - | - | - | - | - | - | - | - | - |
| 070 | Of which SMEs | - | - | - | - | - | - | - | - | - | - | - | - |
| 080 | Households | 1 | 1 | - | - | - | - | - | - | - | - | - | - |
| 090 | Debt securities | 966 | 966 | - | - | - | - | - | - | - | - | - | - |
| 100 | Central banks | - | - | - | - | - | - | - | - | - | - | - | - |
| 110 | General governments | 929 | 929 | - | - | - | - | - | - | - | - | - | - |
| 120 | Credit institutions | 34 | 34 | - | - | - | - | - | - | - | - | - | - |
| 130 | Other financial corporations | 3 | 3 | - | - | - | - | - | - | - | - | - | - |
| 140 | Non-financial corporations | - | - | - | - | - | - | - | - | - | - | - | - |
| 150 | Off-balance-sheet exposures | 649 | | | - | | | | | | | | - |
| 160 | Central banks | - | | | - | | | | | | | | - |
| 170 | General governments | - | | | - | | | | | | | | - |
| 180 | Credit institutions | - | | | - | | | | | | | | - |
| 190 | Other financial corporations | 232 | | | - | | | | | | | | - |
| 200 | Non-financial corporations | 417 | | | - | | | | | | | | - |
| 210 | Households | - | | | - | | | | | | | | - |
| 220 | **Total** | **91,996** | **91,255** | **92** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

## Template UK CQ4 – Quality of non-performing exposures by geography for the Group

| $m | a | b | c | d | e | f | g |
|---|---|---|---|---|---|---|---|
| | **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** | **91,347** | **-** | **-** | **21,143** | **(2)** | | **-** |
| Japan | 22,285 | - | - | 2,905 | - | | - |
| France | 13,750 | - | - | 1,331 | - | | - |
| Cayman Islands | 10,217 | - | - | 1,314 | - | | - |
| United States | 9,703 | - | - | 2,712 | - | | - |
| United Kingdom | 8,991 | - | - | 6,704 | (1) | | - |
| Germany | 7,969 | - | - | 1,002 | - | | - |
| Singapore | 2,758 | - | - | 147 | - | | - |
| Switzerland | 2,437 | - | - | 981 | - | | - |
| Hong Kong | 1,933 | - | - | 381 | - | | - |
| Luxembourg | 1,789 | - | - | 1,052 | - | | - |
| Other countries | 9,515 | - | - | 2,614 | (1) | | - |
| **Off-balance-sheet exposures** | **649** | **-** | **-** | | | **(1)** | |
| France | 365 | - | - | | | (1) | |
| United Kingdom | 165 | - | - | | | - | |
| Netherlands | 36 | - | - | | | - | |
| Germany | 33 | - | - | | | - | |
| Luxembourg | 15 | - | - | | | - | |
| Other countries | 35 | - | - | | | - | |
| **Total** | **91,996** | **-** | **-** | **21,143** | **(2)** | **(1)** | **-** |

## Template UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry for the Group

| | $m | a | b | c | d | e | f |
|---|---|---|---|---|---|---|---|
| | | 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 | | | |
| 10 | Agriculture, forestry and fishing | - | - | - | - | - | - |
| 20 | Mining and quarrying | - | - | - | - | - | - |
| 30 | Manufacturing | 69 | - | - | 6 | - | - |
| 40 | Electricity, gas, steam and air conditioning supply | 28 | - | - | 7 | - | - |
| 50 | Water supply | 118 | - | - | - | - | - |
| 60 | Construction | 46 | - | - | - | - | - |
| 70 | Wholesale and retail trade | 1 | - | - | 1 | - | - |
| 80 | Transport and storage | 76 | - | - | 28 | - | - |
| 90 | Accommodation and food service activities | 18 | - | - | 18 | - | - |
| 100 | Information and communication | 131 | - | - | 76 | (1) | - |
| 110 | Financial and insurance activities | - | - | - | - | - | - |
| 120 | Real estate activities | 34 | - | - | 20 | - | - |
| 130 | Professional, scientific and technical activities | 28 | - | - | 2 | - | - |
| 140 | Administrative and support service activities | 2 | - | - | - | - | - |
| 150 | Public administration and defence, compulsory social security | 3 | - | - | 2 | - | - |
| 160 | Education | 3 | - | - | - | - | - |
| 170 | Human health services and social work activities | - | - | - | - | - | - |
| 180 | Arts, entertainment and recreation | - | - | - | - | - | - |
| 190 | Other services | - | - | - | - | - | - |
| **200** | **Total** | **557** | **-** | **-** | **160** | **(1)** | **-** |

NOMURA

# Appendix 1 – CRR Compliance

| CRR Article | Para | Summary of Requirement | Compliance Reference | Page |
|---|---|---|---|---|
| **Disclosure requirements and policies** | | | | |
| 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 | Section "Operational Risk" |
| 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.<br>At least one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls. | The Group has the relevant policies in place<br><br>Written attestation is included in the disclosure | Policies are not an applicable public disclosure.<br><br>Directors Responsibility Statement |
| 431 | 4 | Quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary | Appropriate narratives and supplementary information are provided in the disclosure | |
| 431 | 5 | 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: 5 |
| 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 | | |
| **Frequency and scope 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: 5 |
| 433a | 1 | Disclosure frequency for Large institutions | Sub-section "Pillar 3 Disclosures" | P3: 5 |
| 433a | 2 | Disclosure frequency for Large institutions other than G-SIIs that are non-listed | | |
| 433a | 3 | Disclosure frequency for Large institutions that are subject to Article 92a or 92b of the CRR | Not applicable to the Group | |
| 433b | | Disclosure frequency for Small and Non-complex institutions | Not applicable to the Group | |
| 433c | | Disclosure frequency for Other institutions | Not applicable to the Group | |
| **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. | | |

| | | | | |
|---|---|---|---|---|
| 434a | | Uniform disclosure formats | Templates published by the PRA have been disclosed, populated in accordance with the PRA's published guidance | |
| 434b | | Timing and means of disclosure under Article 441 of the CRR (Applicable to G-SIIs) | Not applicable to the Group | |
| **Disclosure of Risk management objectives and policies** | | | | |
| 435 | 1 | Disclose information on: | Refer to NIP's Annual Report | |
| 435 | 1(a) | The strategies and processes to manage risks | | AR: 82 |
| 435 | 1(b) | Structure and organisation of risk management function | | AR: 82-85 |
| 435 | 1(c) | Risk reporting and measurement systems | | AR: 87-92 |
| 435 | 1(d) | Hedging and mitigating risk – policies and processes | | AR: 92-93 |
| 435 | 1(e) | Declaration of adequacy of risk management arrangements approved by the Board | | AR: 86 |
| 435 | 1(f) | Concise risk statement approved by the Board. | | AR: 3 |
| 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: 10 |
| 435 | 2(b) | Recruitment policy for selection of Board members, their actual knowledge, skills and expertise. | Section "Remuneration Disclosures" | P3: 78-85 |
| 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: 9 |
| 435 | 2(e) | Description of information flow on risk to Board | Refer to NIP's Annual Report | AR: 82-85 |
| **Disclosure of Scope of application** | | | | |
| 436 | a | Name of institution | Section "Introduction" | P3: 5 |
| 436 | b | Outline of the differences in the scopes of consolidation | Scope of Consolidation and "Scope of Consolidation: Entity by entity" | P3: 5, 20 |
| 436 | c | Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories | UK LI1 | P3: 18 |
| 436 | d | Main sources of differences between regulatory exposure amounts and carrying values in financial statements | UK LI2 | P3: 19 |
| 436 | e | Breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment | Prudent Valuation | P3: 46-47 |
| 436 | f | Impediments to transfer of own funds between parent and subsidiaries. | Scope of Consolidation | P3: 5 |
| 436 | g | Subsidiaries not included in the consolidation with own funds less than required. Capital shortfalls in any subsidiaries outside the scope of consolidation. | Scope of Consolidation<br>Sub-section "Pillar 2A and ICAAP" | P3: 25 |
| 436 | h | Making use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries/entities | Scope of Consolidation | P3: 5 |
| | | | | |
| **Disclosure of 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, 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution; | Section "Own Funds Disclosures" | P3: 14-15 |
| 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 " Capital Instruments and Eligible MREL Liabilities" | P3: 86-90 |
| 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: 14-15 |
| 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 | |
| 437 | a | Disclosure of own funds and eligible liabilities for institutions that are subject to Article 92a or 92b of the CRR | Not applicable – the Group is not subject to Article 92a or 92b of the CRR | |

| **Disclosure of own funds requirements and risk weighted exposure amounts** | | | | |
|---|---|---|---|---|
| 438 | a | Summary of institution's approach to assessing adequacy of capital levels | Sub-section "Pillar 2A and ICAAP" | P3: 25 |
| 438 | b | Amount of the additional own funds requirements based on the supervisory review process | Included in UK KM1 disclosure | P3: 11-13 |
| 438 | c | Result of ICAAP on demand from authorities. | Not an applicable public disclosure. Results can be provided on demand from authorities | |
| 438 | d | Total risk-weighted exposure amount and the corresponding total own funds requirement | Included in UK OV1 disclosure | P3: 23-24 |
| 438 | e | Specialised lending and equity exposures under the simple riskweighted approach | The Group is not following simple risk weighted approach | |
| 438 | f | The exposure value and the risk-weighted exposure amount of own fund instruments held in any insurance undertaking | The Group is not involved in insurance business | |

| | | | | |
|---|---|---|---|---|
| 438 | g | Supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate | The Group is not considered as financial conglomerate | |
| 438 | h | RWEA flow statements of CCR exposures under the IMM model | UK CCR7 – RWEA flow statements of CCR exposures under the IMM | P3: 35 |
| **Disclosure of exposures to counterparty credit risk** | | | | |
| 439 | a | Description of process to assign internal capital and credit limits to CCR exposures. | Refer to NIP's Annual Report | AR: 91-92 |
| 439 | b | Discussion of policies for securing collateral and establishing credit reserves. | | AR: 92-93 |
| 439 | c | Discussion of management of wrong-way risk exposures. | | AR: 92 |
| 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: 35 |
| 439 | e | The amount of segregated and unsegregated collateral received and posted per type of collateral | UK CCR5 – Composition of collateral for CCR exposures | P3: 37-38 |
| 439 | f | For derivative transactions, the exposure values before and after the effect of credit risk mitigation | UK CCR1 – Analysis of CCR exposure by approach | P3: 33-34 |
| 439 | g | For securities financing transactions, the exposure values before and after the effect of credit risk mitigation | UK CCR1 – Analysis of CCR exposure by approach | P3: 33-34 |
| 439 | i | The exposure value to central counterparties and the associated risk exposures | UK CCR8 – Exposures to CCPs | P3: 39 |
| 439 | j | Notional value of credit derivative hedges and current credit exposure by type of exposure | UK CCR6 – Credit derivatives exposures | P3: 38 |
| 439 | k | Estimate of alpha, if applicable. | Not applicable - the Group does not estimate its own alpha | |
| 439 | l | Point (l) of Article 439 referring to point (e) of Article 444 | UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights | P3: 36-37 |
| 439 | m | The size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2) | UK CCR1 – Analysis of CCR exposure by approach | P3: 33-34 |
| **Disclosure of countercyclical 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: 26-31 |
| 440 | 1(b) | Amount of the institution specific countercyclical capital buffer. | "Countercyclical Capital Buffer" table | P3: 25 |

| | | | | |
|---|---|---|---|---|
| **Disclosure of indicators of global systemic importance** | | | | |
| 441 | | Disclosure of the indicators of global systemic importance. | Not applicable - the Group is not a G-SII | |
| **Disclosure of exposures to credit risk and dilution risk** | | | | |
| 442 | a | Disclosure of bank's definitions of past due and impaired. | Refer to NIP's Annual Report | AR: 47-48 |
| 442 | b | Approaches for calculating specific and general credit risk adjustments. | Refer to NIP's Annual Report | AR: 47-48 |

| | | | | |
|---|---|---|---|---|
| 442 | c | Information on the amount and quality of performing, non-performing and forborne exposures | UK CR1: Performing and non-performing exposures and related provisions<br>UK CQ3: Credit quality of performing and non-performing exposures by past due days | P3: 92-93 |
| 442 | d | An ageing analysis of accounting past due exposures | UK CQ3: Credit quality of performing and non-performing exposures by past due days | P3: 93 |
| 442 | e | The gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs | UK CQ4: Quality of non-performing exposures by geography<br>UK CQ5: Credit quality of loans and advances by industry | P3: 94-95 |
| 442 | f | Any changes in the gross amount of defaulted on- and off-balance-sheet exposures | UK CR1: Performing and non-performing exposures and related provisions | P3: 92 |
| 442 | g | The breakdown of loans and debt securities by residual maturity | UK CR1-A: Maturity of exposures | P3: 91 |
| **Disclosure of encumbered and unencumbered assets** | | | | |
| 443 | | Disclosures on unencumbered assets. | "Asset Encumbrance" tables | P3: 75-77 |
| **Disclosure of the use of the standardised approach** | | | | |
| 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: 30, 36-39, 33 |
| 444 | b | Exposure classes associated with each ECAI. | | |
| 444 | c | Description of the process used to transfer credit assessments to non-trading book items. | | |
| 444 | d | Mapping of external rating to CQS. | UK CR4 – standardised approach – Credit risk exposure and CRM effects<br>UK CR5 – standardised approach<br>UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights | |
| 444 | e | Exposure value by CQS. | | |

| | | | | |
|---|---|---|---|---|
| **Disclosure of exposures to market risk** | | | | |
| 445 | | Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk. | UK OV1 and Market Risk tables | P3: 23-24, 49 |
| **Disclosure of operational risk management** | | | | |
| 446 | a | Scope of approaches used to calculate operational risk. | Section "Operational Risk" | P3: 45 |
| 446 | b | A description of the methodology set out in Article 312(2) | Section "Operational Risk" | P3: 45 |
| 446 | c | In the case of partial use, the scope and coverage of the different methodologies used. | The Group only uses the Standardised Approach | P3: 45 |
| **Disclosure of Key Metrics** | | | | |
| 447 | a | The composition of own funds and own fund requirements as calculated in accordance with Article 92 | UK KM1 - Overview of risk weighted exposure amounts | P3: 11-13 |
| 447 | b | The total risk exposure amount as calculated in accordance with Article 92(3) | | |
| 447 | c | The amount and composition of additional own funds which the institutions are required to hold in | | |

| | | | | |
|---|---|---|---|---|
| | | accordance with point (a) of Article 104(1) of Directive 2013/36/EU | | |
| 447 | d | Combined buffer requirement | UK KM1 - Overview of risk weighted exposure amounts | P3: 11-13 |
| 447 | e | Leverage ratio and the total exposure measure | | |
| 447 | f | Information in relation to Liquidity coverage ratio | | |
| 447 | g | Information in relation to net stable funding requirement | | |
| 447 | h | Own funds and eligible liabilities ratios and their components | | |
| **Disclosure of exposures to interest rate risk on positions not held in the trading book** | | | | |
| 448 | 1 | IRRBB risk management objectives and policies and Quantitative information on IRRBB | Sub-section "Sensitivity of the Banking Book to Changes in Interest Rates"<br>Template UK IRRBB1 - Quantitative information on IRRBB | P3: 59-60 |
| 448 | 2 | This Article shall not apply to institutions that use the standardised methodology or the simplified standardised methodology | | |
| **Disclosure of exposures to securitisation positions** | | | | |
| 449 | | Disclosures on securitisation positions | Sub-section "Securitisations" | P3: 48 |
| **Disclosure of remuneration policy** | | | | |
| 450 | 1 | Remuneration disclosures of material risk takers | Section "Remuneration Disclosures" | P3: 78-85 |
| 450 | 2 | The quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public | | |
| **Disclosure of the leverage ratio** | | | | |
| 451 | 1 | Disclose the following: | | |
| 451 | 1(a) | Leverage ratio | "Leverage Ratio Common Disclosure" table | P3: 64-65 |
| 451 | 1(b) | Breakdown and reconciliation of total exposure | "Leverage Reconciliation of Account Assets and Leverage Ratio Exposure" table | P3: 63 |
| 451 | 1(c) | Derecognised fiduciary items | "Leverage Ratio Common Disclosure" table | P3: 64-65 |
| 451 | 1(d) | Description of the processes used to manage the risk of excessive leverage, | Section "Leverage Ratio" | P3: 63-66 |
| 451 | 1(e) | Factors that impacted the leverage ratio during the year. | | |
| 451 | 2-5 | Disclosures applicable to LREQ firms | | |
| **Disclosure of liquidity requirements** | | | | |
| 451a | 1 | Application of disclosure of liquidity requirements | Liquidity risk management | P3: 67-68 |
| 451a | 2 | Disclosure of liquidity coverage ratio | UK LIQ1 - Quantitative information of LCR | P3: 69-70 |

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|---|---|---|---|---|
| 451a | 3 | Disclosure of net stable funding ratio | Disclosure of net stable funding ratio | P3: 72-73 |
| 451a | 4 | Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in line with ILAAP | Liquidity risk management | P3: 67-68 |

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| **Disclosure of the 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 | |
| **Disclosure of the use of credit risk mitigation techniques** | | | | |
| 453 | a | Use of on and off-balance sheet netting. | Refer to NIP's Annual Report | AR: 45-46 |
| 453 | b | How collateral valuation is managed. | | AR: 45-46 |
| 453 | c | Description of types of collateral used by the institution | | AR: 45-46 |
| 453 | d | Main types of guarantor, credit derivative counterparty and creditworthiness. | | AR: 96 |
| 453 | e | Market or credit risk concentrations within risk mitigation exposures. | | AR: 90, 92 |
| 453 | f | Standardised or Foundation IRB Approach, exposure value covered by eligible collateral. | UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques | P3: 44 |
| 453 | g | the corresponding conversion factor and the credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect | UK CR4 – standardised approach – Credit risk exposure and CRM effects | P3: 40-41 |
| 453 | h | On- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any associated credit risk mitigation | UK CR4 – standardised approach – Credit risk exposure and CRM effects | P3: 40-41 |
| 453 | i | Standardised approach – Credit risk exposure and CRM effects | UK CR4 – standardised approach – Credit risk exposure and CRM effects | P3: 40-41 |
| 453 | j | Impact of credit risk mitigation for firms following IRB approach | Not applicable - the Group does not apply IRB approach | |
| **Disclosure of the use of the Advanced Measurement Approaches to Operational Risk** | | | | |
| 454 | | Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk. | Not applicable - the Group does not apply Advanced Measurement Approach to mitigate operational risk | |
| **Use of Internal Market Risk Models** | | | | |
| 455 | a(i) | Disclosure of the characteristics of the market risk models. | Refer to NIP's Annual Report | AR: 88 |
| 455 | a(ii) | Disclosure of the methodologies used to measure incremental default and migration risk. | | AR: 90 |
| 455 | a(iii) | Descriptions of stress tests applied to the portfolios. | | AR: 90 |
| 455 | a(iv) | Methodology for back-testing and validating the models. | | AR: 88-89 |
| 455 | b | Scope of permission for use of the models. | | AR: 87<br>P3: 8 |

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| 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: 59, 46 |
| 455 | d (i-iii) | High/Low/Mean values over the year of VaR, SVaR and IRC | "Review of Market Risk Regulatory Measures" table | P3: 52 |
| 455 | e | The elements of the own funds requirement calculation. | "Market Risk" tables | P3: 49-52 |
| 455 | f | Weighted average liquidity horizons of portfolios covered by models. | Refer to NIP's Annual Report | AR: 90 |
| 455 | g | Comparison of end-of-day VaR measures compared with one day changes in the portfolio's value. | "Comparison of VaR Estimates" graphs | P3: 53-56 |