Nomura Europe Holdings plc

Semi Annual Pillar 3 Disclosures
30 September 2020

NOMURA

Table of Contents

Foreword

Background

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

Scope of Application

This document presents the consolidated Pillar 3 disclosures as at 30th September 2020 for the Group as well as disclosures covering three material subsidiaries where required, Nomura International Plc ("NIP"), Nomura Bank International Plc ("NBI") and Nomura Financial Products Europe GmbH ("NFPE")

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

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

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

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

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

Certain subsidiaries are subject to local Pillar 3 Regulatory requirements. However, owing to their inclusion and small size within the Group, separate quarterly disclosures have not been made for NBL, BNF, NAIME, NSA or NBS.

Scope of Consolidation

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

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

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

KM1: Key Metrics

	The Group
Capital ($m)	
Tier 1 Capital	5,358
Tier 2 Capital	2,160
Capital Requirements ($m)	
Total RWA	30,625
Total Capital Requirement (1)	3,709
Capital Ratios (%)	
Tier 1(2)	17.5%
Leverage Ratio	
Total Leverage Ratio Exposure ($m)	163,988
Leverage Ratio (%)	3.3%

1. *Pillar 1 + Pillar 2A requirements*
2. *Tier 1 Capital / Total RWA*

Own Funds

CC1: Composition of Regulatory Capital

CRR Articles 437 and 492

The Group, NIP, NBI and NFPE Own Funds:

		Sep-20			
ITS[1]	($m)	The Group	NIP	NBI	NFPE[6]
6	Common Equity Tier 1 ("CET1") before regulatory adjustments	**5,804**	**5,581**	**218**	**632**
28	Total Regulatory Adjustments to Common Equity Tier 1[2]	**(446)**	**(440)**	**48**	**(14)**
45	**Tier 1 Capital**	**5,358**	**5,141**	**266**	**618**
46	**Tier 2 Capital**	2,160	1,260	-	-
59	**Total Capital**	**7,518**	**6,401**	**266**	**618**
62	**Tier 1 Ratio**[3]	**17.50%**	**17.37%**	**377.50%**	**76.77%**
63	**Total Capital as a percentage of total risk exposure amounts**	24.55%	21.62%	377.50%	76.77%
64	Institution specific buffer requirement[4]	2.54%	2.53%	2.50%	2.52%
65	of which: Capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
66	of which: Countercyclical capital buffer requirement	0.04%	0.03%	0.00%	0.02%
68	Common Equity Tier 1 available to meet buffers[5]	8.89%	8.51%	372.84%	68.27%

1. *Implementing Technical Standards Regulations (EU) no. 1423/2013*
2. *Regulatory adjustments per CRR article 33 (1) (b), (c), article 105 and intangible asset deductions per article 37*
3. *Tier 1 capital ratio is equal to the CET1 ratio*
4. *Institution specific buffer requirement: capital conservation buffer plus countercyclical capital buffer requirements expressed as a percentage*
5. *Common Equity Tier 1 available to meet minimum Tier 1 total capital requirements (Pillar 1 + Pillar 2A) as there are no innovative Tier 1 instruments*
6. *NFPE reports in Euros and was converted to dollars at a rate of 0.8512*

No restrictions have been applied to the calculation of Common Equity Tier 1 or the prudential filters to Common Equity Tier 1 ("CET1"). The Group is applying transitional provisions of IFRS 9 to Own Funds.

Tier 1 Capital consists of share capital and reserves.

Tier 2 Capital consists of subordinated debt.

Transitional Provisions

CRR Article 473a (8)

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

During the year, 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. Prior to January 2020, the ECL relief factor currently stands at 70% which will phase out to 25% by 2023.

IFRS 9-FL: Transitional Provisions of the Group

	The Group				
$(m)	**Sep-20**	**Jun-20**	**Mar-20**	**Dec-19**	**Sep-19**
Available Capital					
Common Equity Tier 1 (CET1) capital	5,358	5,363	5,226	5,329	5,079
Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied	5,345	5,349	5,210	5,324	5,076
Tier 1 capital	5,358	5,363	5,226	5,329	5,079
Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied	5,345	5,349	5,210	5,324	5,076
Total capital	7,518	7,523	7,386	7,489	7,239
Total capital as if IFRS 9 ECL transitional arrangements had not been applied	7,505	7,509	7,370	7,484	7,236
Risk Weighted Assets					
Total risk-weighted assets	30,625	32,811	33,707	34,819	34,893
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	17.5%	16.3%	15.5%	15.3%	14.6%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	17.5%	16.3%	15.5%	15.3%	14.5%
Tier 1 (as a percentage of risk exposure amount)	17.5%	16.3%	15.5%	15.3%	14.6%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	17.5%	16.3%	15.5%	15.3%	14.5%
Total capital (as a percentage of risk exposure amount)	24.5%	22.9%	21.9%	21.5%	20.7%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	24.5%	22.9%	21.9%	21.5%	20.7%
Leverage Ratio					
Leverage ratio total exposure measure	163,988	155,549	162,757	173,120	165,303
Leverage ratio	3.3%	3.4%	3.2%	3.1%	3.1%
Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied	3.3%	3.4%	3.2%	3.1%	3.1%

IFRS 9-FL: Transitional Provisions of NIP

	NIP				
$(m)	**Sep-20**	**Jun-20**	**Mar-20**	**Dec-19**	**Sep-19**
Available Capital					
Common Equity Tier 1 (CET1) capital	5,141	5,210	5,074	5,079	4,825
Common Equity Tier 1 (CET1) capital as if IFRS 9 ECL transitional arrangements had not been applied	5,128	5,197	5,058	5,074	4,821
Tier 1 capital	5,141	5,210	5,074	5,079	4,825
Tier 1 capital as if IFRS 9 ECL transitional arrangements had not been applied	5,128	5,197	5,058	5,074	4,821
Total capital	6,401	6,470	6,334	6,339	6,085
Total capital as if IFRS 9 ECL transitional arrangements had not been applied	6,388	6,457	6,318	6,334	6,081
Risk Weighted Assets					
Total risk-weighted assets	33,707	31,726	34,166	34,018	34,032
Capital Ratios					
Common Equity Tier 1 (as a percentage of risk exposure amount)	15.3%	16.4%	14.9%	14.9%	14.2%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	15.2%	16.4%	14.8%	14.9%	14.2%
Tier 1 (as a percentage of risk exposure amount)	15.3%	16.4%	14.9%	14.9%	14.2%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	15.2%	16.4%	14.8%	14.9%	14.2%
Total capital (as a percentage of risk exposure amount)	19.0%	20.4%	18.5%	18.6%	17.9%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 ECL transitional arrangements had not been applied	19.0%	20.4%	18.5%	18.6%	17.9%
Leverage Ratio					
Leverage ratio total exposure measure	159,081	150,187	156,604	166,948	159,530
Leverage ratio	3.2%	3.5%	3.2%	3.0%	3.0%
Leverage ratio as if IFRS 9 ECL transitional arrangements had not been applied	3.2%	3.5%	3.2%	3.0%	3.0%

Capital Requirements and Buffers

OV1: Capital Requirements and Risk Weighted Exposure

CRR Article 438 (c), (e) and (f).

The Group and NIP RWA and capital requirements

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

	Sep-20			
	The Group		NIP	
$m	**RWA**	**Minimum Requirement[(1)]**	**RWA**	**Minimum Requirement[(1)]**
Total market risk capital requirement	6,524	522	6,367	509
Total counterparty risk and credit risk capital requirement	18,416	1,473	17,870	1,430
Total settlement risk capital requirement	60	5	60	5
Total operational risk capital requirement	2,923	234	2,655	212
Total credit valuation adjustment capital requirement	2,702	216	2,650	212
Total large exposure risk capital requirement	-	-	-	-
Total	**30,625**	**2,450**	**29,602**	**2,368**

Movements in RWA over the period (Jun-20 to Sep-20)

NEHS

The Group's RWA is decreased ~6.7% (~$2.2bn) from June 2020, primarily driven by;

- Reduction in model market risk from decreased VaR and SVaR as a result of multiplier update from 4 to 3.4 following historical backtesting exceptions rolling out of the 250day window, as well as decreased risk in FVA (due to inclusion of gap books in IMA) and CVA hedges;
- Decrease in ACVA capital charge due to general credit spread tightening across portfolio;
- Reduced IMM Alpha from 1.6 to 1.4 following the PRA approval in September 2020.

NIP

Movements in RWA and capital requirements are materially in line with the Group.

CCyB2: Countercyclical Capital Buffer

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

$m	**The Group**
Total RWA	30,625
Institution specific CCyB rate	0.0366%
Institution specific CCyB requirement	**11**

The CCyB requirement has remained stable during the quarter.

The CCyB requirement for NIP is materially in line with the Group.

Counterparty Credit Risk

CCR1: Analysis of Counterparty Credit Risk RWA by Approach

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

$m	Current Market Value	Potential Future Exposure	EEPE	Multiplier	EAD post-CRM	RWA
Mark to Market	8,447	12,119			6,889	3,391
IMM (for Derivatives and SFTs)			10,610		14,245	8,461
Of which derivatives			6,285	1.4	8,699	6,091
Of which securities financing transactions			4,325	1.4	5,546	2,370
Master Netting Agreement					11,142	3,496
Total					**32,276**	**15,348**

CCR2: Credit Valuation Adjustment

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

$m	EAD	RWA
Total Portfolios Subject to the Advanced Method	4,731	2,041
(i) VaR component (including the 3×multiplier)		1,271
(ii) Stressed VaR component (including the 3×multiplier)		770
All Portfolios Subject to the Standardised Method	4,050	661
Total subject to the CVA capital charge	**8,782**	**2,702**

ACVA capital charge decreased during the quarter, primarily driven by general credit spread tightening across portfolio.

CCR7: RWA Flow Statements of CCR Exposures under IMM

The table shows how the Group's RWA under Internal Model Method ("IMM") have changed over the quarter.

$m	RWA	Capital Requirements (1)
RWA as at Jun-20	**8,409**	**673**
Asset size	1,064	85
Model updates (IMM only)	(1,100)	(88)
Credit quality of counterparties	10	1
Other	-	-
RWA as at Sep-20	**8,383**	**671**

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

Following the PRA approval in September 2020, IMM Alpha has reduced from 1.6 to 1.4 contributing to a RWA reduction over the quarter.

CCR8: Exposures to Central Counterparties

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

$m	EAD	RWA
Exposures to QCCP (total)		213
Exposures for trades at QCCP (excluding initial margin and default fund contributions); of which	6,274	125
(i) OTC derivatives	4,201	84
(ii) Exchange-traded derivatives	856	17
(iii) SFTs	1,216	24
(iv) Netting sets where cross-product netting has been approved	-	-
Segregated initial margin	2,500	-
Non-segregated initial margin	324	6
Prefunded default fund contributions	358	81
Alternative calculation of own funds requirements for exposures	-	-

Credit Risk

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

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

	The Group						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
$m	Defaulted	Non-Defaulted					
Central Governments or Central Banks	-	4,570	-	-	-	-	4,570
Corporates	-	3,948	-	-	-	-	3,948
Institutions	-	2,462	-	-	-	-	2,462
Multilateral Development Banks	-	0	-	-	-	-	0
Public sector entities	-	131	-	-	-	-	131
Regional governments or local authorities	-	0	-	-	-	-	0
Equity Exposures	-	20	-	-	-	-	20
Other items	-	207	-	-	-	-	207
Exposures in default	75	-	47	-	-	-	28
Total SA approach	**75**	**11,338**	**47**	**-**	**-**	**-**	**11,366**
Total	**75**	**11,338**	**47**	**-**	**-**	**-**	**11,366**
of which: Loans	75	787	47	-	-	-	815
of which: Debt Securities	-	438	-	-	-	-	438
of which: Off-balance sheet exposures	-	2,825	-	-	-	-	2,825

	NIP						
	Gross Carrying values of:		Specific Credit Risk Adjustment	General Credit Risk Adjustment	Accumulated Write-offs	Credit Risk Adjustment Charges of the Period	Net Values
$m	Defaulted	Non-Defaulted					
Central Governments or Central Banks	-	3,134	-	-	-	-	3,134
Corporates	-	2,407	-	-	-	-	2,407
Institutions	-	1,029	-	-	-	-	1,029
Multilateral Development Banks	-	0	-	-	-	-	0
Public sector entities	-	0	-	-	-	-	0
Regional governments or local authorities	-	0	-	-	-	-	0
Equity Exposures	-	33	-	-	-	-	33
Other items	-	160	-	-	-	-	160
Exposures in default	75	-	47	-	-	-	28
Total SA approach	**75**	**6,764**	**47**	**-**	**-**	**-**	**6,791**
Total	**75**	**6,764**	**47**	**-**	**-**	**-**	**6,791**
of which: Loans	75	368	47	-	-	-	396
of which: Debt Securities	-	49	-	-	-	-	49
of which: Off-balance sheet exposures	-	1,502	-	-	-	-	1,502

Market Risk

MR1: Market Risk under the Standardised Approach

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

	The Group		NIP	
$m	**RWA**	**Capital Requirements(1)**	**RWA**	**Capital Requirements(1)**
Outright products				
Interest rate risk (general and specific)	981	78	981	78
Equity risk (general and specific)	166	13	166	13
Foreign exchange risk	804	64	799	64
Commodity risk	-	-	-	-
Options				
Simplified approach	-	-	-	-
Delta-plus method	0	0	0	0
Scenario approach	-	-	-	-
Securitisation (specific risk)	-	-	-	-
Total	**1,951**	**156**	**1,946**	**156**

1. *Pillar 1 capital requirement*

MR2-A: Market Risk under the Internal Model Approach

The table shows a breakdown of RWA and capital requirements for under the Internal Model Approach (“IMA”).

	The Group		NIP	
$m	**RWA**	**Capital Requirements(2)**	**RWA**	**Capital Requirements(2)**
VaR (10 day 99%)				
Period end	276	22	264	21
60 Day Average Multiplied by 3.4	908	73	871	70
Higher value[1]	**908**	**73**	**871**	**70**
Stressed VaR (10 day 99%)				
Period end	385	31	361	29
60 Day Average Multiplied by 3.4	1408	112	1347	107
Higher value[1]	**1,408**	**112**	**1,347**	**107**
Incremental Risk Charge (99.9%)				
Period end	349	28	347	28
60 Day Average	371	30	370	30
Higher value[1]	**371**	**30**	**370**	**30**
Comprehensive Risk capital charge (99.9%)				
Period end	0	0	0	0
60 Day Average	0	0	0	0
Higher value[1]	0	0	0	0
Risk Not In VaR	115	9	115	9
Stressed Risk Not In VaR	1,771	142	1,720	138
Total	**4,573**	**366**	**4,423**	**354**

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

MR2-B: Model RWA Flow Statements

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

	The Group						
$m	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Capital Requirements[1]
RWA at Jun-20	**1,595**	**2,176**	**322**	**0**	**1,720**	**5,813**	**465**
Movement in risk levels	(189)	(143)	49		33	(250)	(20)
Model updates/changes	(498)	(625)			133	(990)	(79)
Var multiplier update	(131)	(202)			133		
Inclusion of FVA gap trades	(294)	(420)					
VaR window change/ Other model changes	(73)	(3)					
RWA at Sep-20	**908**	**1,408**	**371**	**0**	**1,886**	**4,573**	**366**

	NIP						
$m	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWA	Capital Requirements[1]
RWA at Jun-20	**1,559**	**2,141**	**321**	**0**	**1,682**	**5,703**	**456**
Movement in risk levels	(189)	(161)	49		20	(281)	(22)
Model updates/changes	(499)	(633)			133	(999)	(80)
Var multiplier update	(131)	(202)			133		
Inclusion of FVA gap trades	(295)	(428)					
VaR window change/ Other model changes	(73)	(3)					
RWA at Sep-20	**871**	**1,347**	**370**	**0**	**1,835**	**4,423**	**354**

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

Movements in the Group's RWA under IMA

- Decrease in VaR and SVaR was mainly driven by multiplier update from 4 to 3.4 as a result of historical backtesting exceptions rolling out of the 250day window, as well as decreased risk in FVA (due to inclusion of gap books in IMA) and CVA hedges.
- Increase in Other ("RNIV") was predominantly driven by lower RNiV Offsets following PRA's permission to exclude Covid-19 related backtesting exceptions, offset by a reduction in VaR based RNiV from the reduced Capital multiplier.

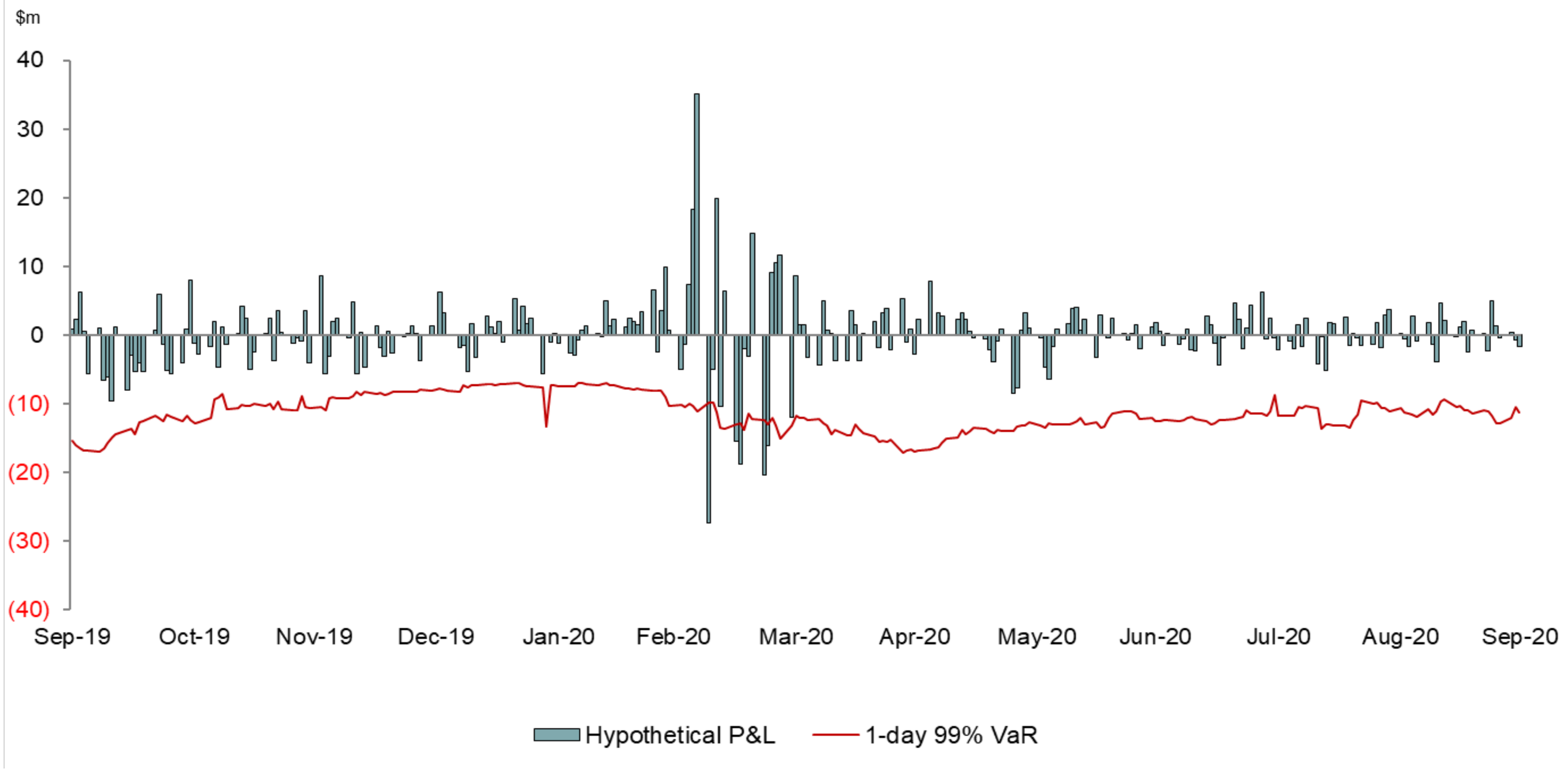
MR3: Review of Market Risk Regulatory Measures

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

$m	The Group	NIP
VaR (10 day 99%)		
Maximum value	37	36
Average value	27	26
Minimum value	17	16
Period end	22	21
SVaR (10 day 99%)		
Maximum value	41	40
Average value	33	32
Minimum value	25	23
Period end	31	29
IRC (99.9%)		
Maximum value	48	48
Average value	27	27
Minimum value	20	20
Period end	28	28
Comprehensive Risk capital charge (99.9%)		
Maximum value	-	-
Average value	-	-
Minimum value	-	-
Period end	-	-

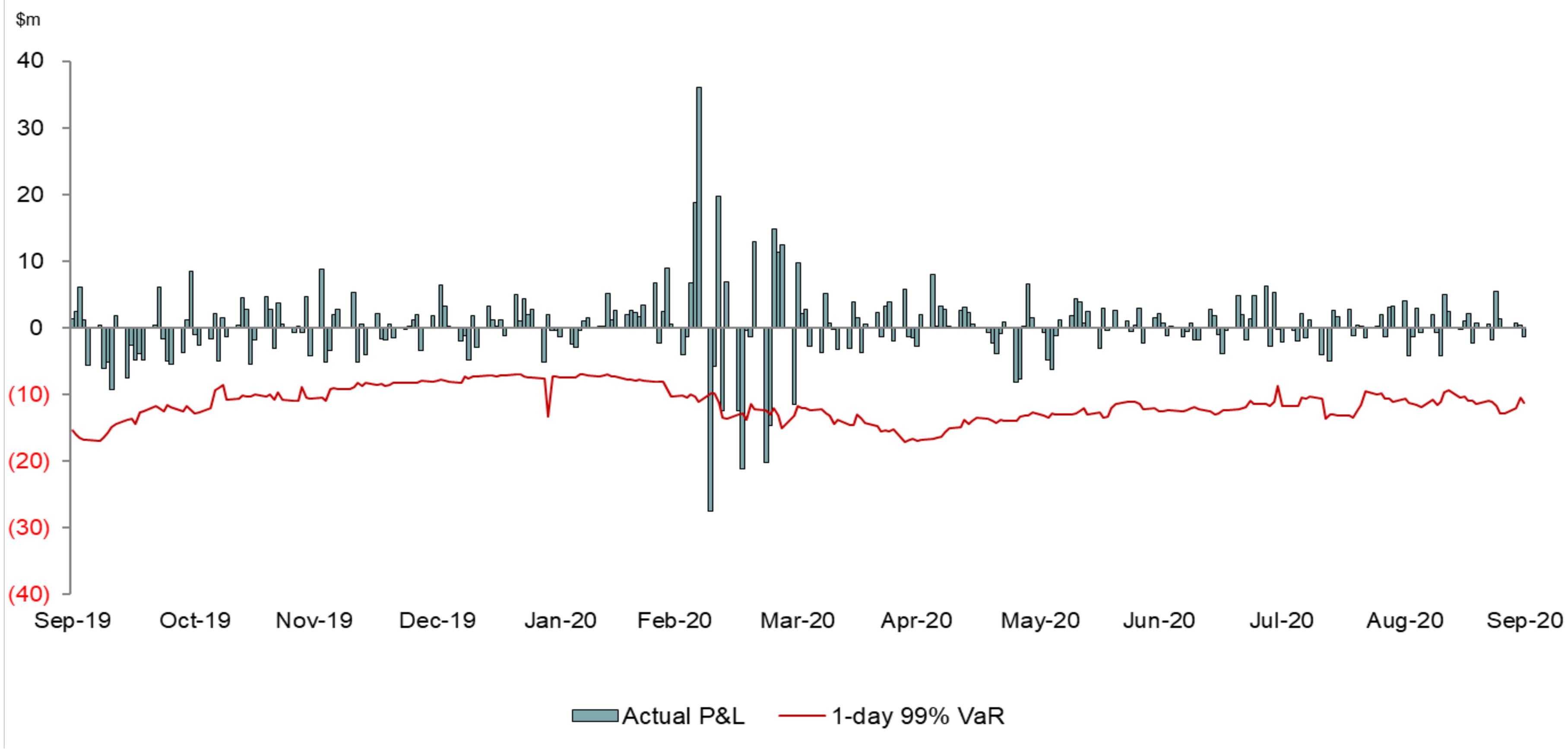
MR4: Comparison of VaR Estimates with Hypothetical Gains / Losses for NIP

The chart below provides a comparison of VaR to the hypothetical profit and loss on a daily basis over the twelve months ended 30 September 2020 for NIP's PRA approved internal model approach.



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

The chart below provides a comparison of VaR to the actual profit and loss on a daily basis over the twelve months ended 30 September 2020 for NIP's PRA approved internal model approach.



1-day trading losses exceeded the 99% VaR estimate on five occasions for the Company for the twelve month ended 30 September 2020. In October 2020, PRA approved the firm's application to permanently exempt 3 of these exceptions, which had resulted from Covid-19 related volatility.

NOMURA

Leverage

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

Calculation Overview

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

Leverage Exposure Management

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

LRSum: Leverage Reconciliation of Account Assets and Leverage Ratio Exposure

CRR Article 451

$m	The Group	NIP
Total assets as per published financial statements	**8,766**	**272,790**
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation (1)	267,410	0
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	0	0
Adjustments for derivative financial instruments	(105,371)	(105,489)
Adjustments for securities financing transactions "SFTs"	(8,037)	(7,306)
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1,309	1,129
(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013) (2)	0	(1,965)
(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	0	0
Other adjustments	(90)	(78)
Total leverage ratio exposure	**163,988**	**159,081**

1. *Number represents consolidation adjustments for the Group plus adjustments for entities which are not consolidated for accounting purposes but are inside the scope of the regulatory consolidation.*
2. *NIP's exposure to NBI are exempt.*

LRSpl: Breakdown of On Balance Sheet Leverage Exposures

$m	The Group	NIP
Trading book exposures	28,886	29,277
Banking book exposures, of which:	9,169	5,456
Exposures treated as sovereigns	4,529	3,081
Institutions	3,231	1,365
Corporate	1,151	789
Exposures in default	28	28
Other exposures	229	193
Total on-balance sheet exposures	**38,055**	**34,733**

LRCom: Leverage Ratio Common Disclosure

$m	The Group	NIP
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	38,055	34,733
(Asset amounts deducted in determining Tier 1 capital)	(22)	(10)
Total on-balance sheet exposures	**38,033**	**34,723**
Derivative exposures		
Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	3,662	3,807
Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	45,611	45,562
Exposure determined under Original Exposure Method	-	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(11,948)	(12,203)
(Exempted CCP leg of client-cleared trade exposures)	(841)	(841)
Adjusted effective notional amount of written credit derivatives	201,325	201,372
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(200,800)	(200,828)
Total derivative exposures	**37,009**	**36,869**
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	217,285	217,242
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(137,812)	(137,867)
Counterparty credit risk exposure for SFT assets	8,164	8,950
Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-	-
Agent transaction exposures	-	-
(Exempted CCP leg of client-cleared SFT exposure)	-	-
Total securities financing transaction exposures	**87,637**	**88,325**
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	3,143	3,143
(Adjustments for conversion to credit equivalent amounts)	(1,834)	(2,014)
Total Other off-balance sheet exposures	**1,309**	**1,129**
Exempted exposures(1)		
(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	(1,965)
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
Total Exempted exposures	**-**	**(1,965)**
Capital and total exposures		
Tier 1 capital	5,345	5,128
Total leverage ratio exposures	**163,988**	**159,081**
Leverage ratio	**3.3%**	**3.2%**
Choice on transitional arrangements and amount of derecognised fiduciary items		
Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in
Amount of derecognised fiduciary items (2)	-	-

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

Appendix 1 – Other Disclosures

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

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

$m	Gross Positive Fair Value or Net Carrying Amount	Netting benefits	Netted Current Credit Exposure	Collateral Held	Net Credit Exposure
Mark to Market Method	58,936	(49,681)	26,000	13,730	12,270
Total	**58,936**	**(49,681)**	**26,000**	**13,730**	**12,270**

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

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

$m	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Security	537	1,309	1,659	1,749	210,463	176,741
Cash	1	27,356	-	18,090	137,635	157,712
Total	**538**	**28,665**	**1,659**	**19,839**	**348,099**	**334,454**

Table includes collateral used in internal model method

CCR3: Counterparty Risk Exposures by Risk Weight

The table provides the Group CCR EAD reported in CCR1, by risk weight. The CCR EAD for NIP is materially in line with the Group.

$m	Risk Weight (%)								
	0	2	4	20	50	100	150	Total	of which unrated
Central Governments or Central Banks	1,755	-	-	664	48	91	-	**2,558**	442
Corporates	-	-	-	110	1,577	9,576	274	**11,536**	9,114
Institutions	-	6,592	5	11,274	3,029	153	43	**21,097**	13,147
Multilateral Development Banks	163	-	-	23	-	-	-	**186**	2
Public Sector Entities	2,117	-	-	1,203	27	47	-	**3,394**	1,105
Regional governments or Local Authorities	59	-	-	42	-	0	-	**101**	12
International Organisations	1	-	-	-	-	-	-	**1**	0
Equity Exposures	-	-	-	-	-	-	-	-	
Other Items	-	-	-	-	-	-	-	-	
Total	**4,095**	**6,592**	**5**	**13,316**	**4,681**	**9,867**	**317**	**38,873**	**23,823**

CR4: Credit Risk Exposure and Credit Risk Mitigation

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

	The Group					
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
$m	On B/S	Off B/S	On B/S	Off B/S	Total On & Off B/S RWA	RWA density[1]
Central Governments or Central Banks	4,570	-	4,570	-	35	**0.8%**
Corporates	1,254	2,694	1,254	1,089	2,004	**85.5%**
Institutions	2,462	-	2,462	-	530	**21.5%**
Multilateral Development Banks	0	-	0	-	0	**33.5%**
Public Sector Entities	0	131	0	66	33	**50.0%**
Regional governments or Local Authorities	-	-	-	-	-	**-**
Equity Exposures	20	-	20	-	20	**100.0%**
Other items	207	0	207	0	207	**100.0%**
Exposures in default	28	-	28	-	28	**100.0%**
Total	**8,540**	**2,825**	**8,540**	**1,154**	**2,857**	**29%**

	NIP					
	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
$m	On B/S	Off B/S	On B/S	Off B/S	Total On & Off B/S RWA	RWA density[1]
Central Governments or Central Banks	3,134	-	3,134	-	35	**1.1%**
Corporates	905	1,502	966	1,075	1,753	**85.9%**
Institutions	1,029	-	1,029	-	213	**20.7%**
Multilateral Development Banks	0	-	0	-	0	**33.5%**
Public Sector Entities	0	-	0	66	33	**50.0%**
Regional governments or Local Authorities	-	-	-	-	-	**-**
Equity Exposures	33	-	33	-	33	**100.0%**
Other items	160	-	160	-	160	**100.0%**
Exposures in default	28	-	28	-	28	**100.0%**
Total	**5,289**	**1,502**	**5,351**	**1,141**	**2,255**	**35%**

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

CR5: Credit Risk Exposure by Risk Weight

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

	Risk Weight (%)								
$m	0	20	50	100	150	250	1250	Total	of which unrated
Central Governments or Central Banks	4,543	0	3	2	21	0	-	**4,570**	970
Corporates	-	5	741	1,528	69	-	0	**2,342**	1,250
Institutions	-	2,339	121	1	-	-	-	**2,462**	232
Multilateral Development Banks	0	-	0	-	-	-	-	**0**	-
Public Sector Entities	0	0	66	-	-	-	-	**66**	0
Regional governments or Local Authorities	-	-	-	-	-	-	-	**-**	-
Equity Exposures	-	-	-	20	-	-	-	**20**	20
Other Items	0	-	-	207	-	-	-	**207**	207
Exposures in default	-	-	-	28	-	-	-	**28**	28
Total	**4,543**	**2,345**	**932**	**1,786**	**89**	**0**	**0**	**9,695**	**2,706**

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

The table shows specific and general credit risk adjustment for the period.

	The Group	
$m	Accumulated specific credit risk	Accumulated general credit risk adjustment
Opening balance	**28**	**-**
Increases due to amounts set aside for estimated loan losses during the period	1	-
Decreases due to amounts reversed for estimated loan losses during the period	(15)	-
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	(0)	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	-	-
Closing balance	**14**	**-**
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

	NIP	
$m	Accumulated specific credit risk	Accumulated general credit risk adjustment
Opening balance	**28**	**-**
Increases due to amounts set aside for estimated loan losses during the period	1	-
Decreases due to amounts reversed for estimated loan losses during the period	(15)	-
Decreases due to amounts taken against accumulated credit risk adjustments	-	-
Transfers between credit risk adjustments	(0)	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	-	-
Closing balance	**14**	**-**
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
Specific credit risk adjustments directly recorded to the statement of profit or loss	-	-

CR3: Credit Risk Mitigation Techniques

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

$m	The Group				
	Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	221	-	258	-	-
Total Debt Securities	787	-	-	-	-
Total Exposures	**1,009**	**-**	**258**	**-**	**-**

$m	NIP				
	Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total Loans	151	-	258	-	-
Total Debt Securities	49	-	-	-	-
Total Exposures	**200**	**-**	**258**	**-**	**-**

CCR6: Credit Derivative Exposures

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

$m	**The Group**		
	Credit derivative hedges		**Other credit derivatives**
	Protection bought	**Protection sold**	
Notionals			
Single-name credit default swaps	71,308	70,625	
Index credit default swaps	119,373	118,029	
Total return swaps	472	472	
Credit options	-	-	
Other credit derivatives	13,831	13,774	
Total Notionals	**204,984**	**202,900**	
Fair Values			
Positive fair value (asset)	**1,797**	**3,190**	
Negative fair value (liability)	**(3,230)**	**(1,865)**	

Analysis of Past Due, Non-Performing and Forborne Exposures

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

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

The remaining four templates are not subject to threshold criteria, however templates CQ9 "Collateral obtained by taking possession and execution process" and CQ1 "Credit quality of forborne exposures" are not applicable as the Group has no collateral taken into possession that is recognised on the balance sheet and also has no 'forborne exposures' as at 30 September, 2020.

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

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

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

The table shows credit quality of performing and non-performing exposures by past due days for the Group.

	The Group Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
$m		Of which Not past due or past due ≤ 30 days	Of which Past due > 30 days ≤ 90 days		Of which Unlikely to pay that are not past due or are past due ≤ 90 days	Of which past due > 90 days ≤ 180 days	Of which past due > 180 days ≤ 1 year	Of which past due > 1 year ≤ 2 years	Of which past due > 2 years ≤ 5 years	Of which past due > 5 years ≤ 7 years	Of which past due > 7 years	Of which defaulted
Loans and advances	119,454	119,427	27	75	37	-	38	-	-	-	-	75
Central banks	4,049	4,049	-	-	-	-	-	-	-	-	-	-
General governments	2,710	2,710	-	-	-	-	-	-	-	-	-	-
Credit institutions	24,260	24,260	0	-	-	-	-	-	-	-	-	-
Other financial corporations	88,046	88,022	24	24	24	-	-	-	-	-	-	24
Non-financial corporations	388	385	3	51	13	-	38	-	-	-	-	51
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-
Households	1	1	-	-	-	-	-	-	-	-	-	-
Debt securities	738	738	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	418	418	-	-	-	-	-	-	-	-	-	-
Credit institutions	68	68	-	-	-	-	-	-	-	-	-	-
Other financial corporations	59	59	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	193	193	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	1,071			-								-
Central banks	-			-								-
General governments	-			-								-
Credit institutions	-			-								-
Other financial corporations	173			-								-
Non-financial corporations	898			-								-
Households	-			-								-
Total	**121,263**	**120,165**	**27**	**75**	**37**	**-**	**38**	**-**	**-**	**-**	**-**	**75**

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

The table shows performing and non-performing exposures and related provisions for the Group.

$m	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
Loans and advances	119,454	23,523	65	75	-	37	(10)	(4)	(6)	(46)	-	(12)	-	97,460	10
Central banks	4,049	4,049	-	-	-	-	-	-	-	-	-	-	-	0	-
General governments	2,710	310	-	-	-	-	-	-	-	-	-	-	-	2,401	-
Credit institutions	24,260	5,423	-	-	-	-	(0)	(0)	-	-	-	-	-	18,961	-
Other financial corporations	88,046	13,616	18	24	-	24	(3)	(1)	(2)	(9)	-	(9)	-	75,816	-
Non-financial corporations	388	124	47	51	-	13	(7)	(3)	(4)	(37)	-	(3)	-	282	10
Of which SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	738	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	418	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	68	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	59	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	193	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	1,071	1,002	70	-	-	-	(5)	(3)	(3)	-	-	-		-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Other financial corporations	173	173	1	-	-	-	(1)	(1)	-	-	-	-		-	-
Non-financial corporations	898	829	69	-	-	-	(4)	(2)	(3)	-	-	-		-	-
Households	-	-	-	-	-	-	-	-	-	-	-	-		-	-
Total	**121,263**	**24,525**	**135**	**75**	**-**	**37**	**(15)**	**(7)**	**(9)**	**(46)**	**-**	**(12)**	**-**	**97,460**	**10**

Template 5: Quality of non-performing exposures by geography

The table shows quality of non-performing exposures by geography for the Group.

$m	Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which subject to impairment			
			Of which defaulted				
On-balance-sheet exposures	**120,267**	**75**	**75**	**23,623**	**(22)**		**(34)**
Region - EMEA	28,942	75	75	11,012	(22)		(34)
Jersey, Channel Islands	293	24	24	24	(9)		-
United Arab Emirates	181	38	38	51	(0)		(34)
United Kingdom	8,092	13	13	5,360	(9)		-
France	4,827	-	-	570	(1)		-
Denmark	2,753	-	-	42	(0)		-
Germany	2,511	-	-	1,024	(0)		-
Luxembourg	1,880	-	-	1,021	(0)		-
Netherlands	1,468	-	-	877	(2)		-
Switzerland	1,090	-	-	848	-		-
Other countries	5,847	-	-	1,195	(1)		-
Region - Americas	35,385	-	-	4,639	-		-
Cayman Islands	23,220	-	-	1,824	(0)		-
United States of America	10,153	-	-	2,446	(0)		-
British Virgin Islands	1,076	-	-	124	-		-
Bermuda	401	-	-	134	-		-
Other countries	535	-	-	111	-		-
Region - Asia Pacific	55,940	-	-	7,972	-		-
Japan	50,636	-	-	6,957	-		-
Hong Kong	2,798	-	-	302	-		-
Singapore	1,300	-	-	493	-		-
India	469	-	-	1	-		-
Other countries	737	-	-	219	-		-
Off-balance-sheet exposures	**1,071**	**-**	**-**	**-**	**-**	**(5)**	**- -**
Region - EMEA	1,049	-	-			(5)	
France	410	-	-			(1)	
United Kingdom	382	-	-			(0)	
Luxembourg	132	-	-			(1)	
Netherlands	54	-	-			(1)	
Other countries	71	-	-			(1)	
Region - Americas	22	-	-			-	
Cayman Islands	15	-	-			(0)	
United States of America	7	-	-			(0)	
Total	**121,338**	**75**	**75**	**23,623**	**(22)**	**(5)**	**(34)**

Template 6: Credit quality of loans and advances by industry

The table shows credit quality of loans and advances by industry for the Group.

$m	Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing		Of which loans and advances subject to impairment		
			Of which defaulted			
Agriculture, forestry and fishing	0	-	-	-	-	-
Mining and quarrying	1	-	-	-	-	-
Manufacturing	50	-	-	35	(1)	-
Electricity, gas, steam and air conditioning supply	23	-	-	0	-	-
Water supply	12	-	-	-	-	-
Construction	16	-	-	-	-	-
Wholesale and retail trade	13	13	13	13	(3)	-
Transport and storage	113	-	-	0	-	-
Accommodation and food service activities	54	-	-	37	(5)	-
Information and communication	27	-	-	13	(0)	-
Financial and insurance activities	-	-	-	-	-	-
Real estate activities	77	-	-	77	(0)	-
Professional, scientific and technical activities	0	-	-	0	-	-
Administrative and support service activities	0	-	-	0	-	-
Public administration and defence, compulsory social security	0	-	-	0	-	-
Education	-	-	-	-	-	-
Human health services and social work activities	45	38	38	2	-	(34)
Arts, entertainment and recreation	8	-	-	7	(1)	-
Other services	-	-	-	-	-	-
Total	**439**	**51**	**51**	**184**	**(10)**	**(34)**