

Nomura Bank (Luxembourg) S.A.

Financial Statements
Directors' report and
Independent auditor's report

as of 31 March 2023

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Directors' Report

Year ended 31 March 2023

Directors' report

Year ended 31 March 2023

TO OUR SHAREHOLDERS

Alike previous years, 2022 proved to be challenging in many respects: the military conflict in Ukraine, its effects on the international geopolitical chessboard while our economies are still recovering from the disruption in supply chain caused by the past pandemic situation combined with higher food, energy prices and rising inflation rates are undoubtedly material challenges to overcome for our Industry.

Supported by the uniqueness of our DNA to place our clients at the heart of everything we do and providing them with reliable and best in class quality services, we, at Nomura Bank (Luxembourg) S.A. ("NBL" or "the Bank") are proud to say that our resilience and adaptability have allowed us to thrive amidst these times of uncertainty.

In spite of the aforementioned conditions, the past fiscal year was another strong year for NBL from a financial performance perspective while we have recorded a hefty hike of our profits. The noticeable performance we have achieved is attributable to the unwavering loyalty of our clients, who have placed their trust in our ability to design tailor-made business solutions and excel in execution. In response to their evolving expectations, we have continuously implemented key elements of our Business Strategy to ensure long-term adaptability of our franchise. It is worth highlighting that we have intensified our dialogue with our clients even further to effectively grasp and promptly react to their additional servicing needs.

Besides that, we have relentlessly worked on improving our operational efficiency in all areas of our business through further automation thus securing our processes to ensure the utmost possible quality of our deliverables.

Business profile

Our 301 partners (as at 31 March 2023) bring forth their expertise, along with our client-centric approach and demonstrated integrity which supported our market share and revenues. Convinced that our key differentiator lies in the combination of dependable technology, the diversity of our people, and their continuous skillset evolution, which aligns with the market's evolution and our clients' fundamental expectations, we consistently invest in our people by implementing targeted training programs aligned with our business objectives.

As it relates to Assets under Administration ("AuA"), they were negatively impacted by financial markets fluctuations (on certain specific asset classes) combined with currency effects. Those AuA decreased by 11% during the past fiscal year to end up at USD 49.4 billion as of 31 March 2023 (compared to USD 55.4 billion a year ago).

From a geographical repartition perspective, the domicile split between the 257 serviced investment vehicles remained rather stable with a 85/15 ratio of the AuA respectively pertaining to serviced Cayman Islands and Luxembourg based investment vehicles.

Financial performance highlights

With regards to revenues, our core asset servicing activities (custody and fund administration business lines) generated EUR 52.7 million in fees (which represents a Year-on-Year increase of roughly 31%) while, in turn, our capital markets activities boosted by the hike in interest rates and the volatility of FX markets generated, with adequate controls, robust revenues of EUR 42.1 million (compared to EUR 23.6 million a year ago).

The combination between the aforesaid revenues increase and our efforts in the field of operational effectiveness contributed to a noticeable increase of NBL's profit before tax for the fiscal year from EUR 24.2 million a year ago to EUR 40 million.

In turn, the Net profit for the year amounted to EUR 31 million (compared to EUR 18.2 million a year ago).

The Bank's balance sheet remained strong from a liquidity and capital perspective and it totaled EUR 4,126 million as of 31 March 2023 (compared to EUR 4,858 million a Year ago) while shareholders' equity amounted to EUR 371 million as of 31 March 2023 (EUR 358,9 million as of 31 March 2022). In that respect, we refer to Note 37 for the proposed allocation of the profit for the year.

From a Corporate structure perspective, NBL has neither bought its own shares nor created any branches or subsidiaries during the period. Moreover, there are no post-balance sheet events to report that would affect the financial results for the year ended 31 March 2023 or that would otherwise require a disclosure in the notes to the financial statements.

Synergies: our Luxembourg subsidiary

Global Funds Management S.A. ("GFM"), our wholly owned Luxembourg Super Management Company, is continuously adapting itself to market trends and clients' needs and further extended its license scope to develop additional products and asset classes servicing capabilities.

GFM is a licensed UCITS Management Company, Manager of Money Market Funds and an Alternative Investment Fund Manager covering a broad range of strategies including traditional asset classes, but also the management of investment funds directly or indirectly exposed to private equities, real estate and infrastructure assets.

As part of its strategy, GFM continues to focus on the alignment of its operating capabilities to the specificities of aforementioned asset classes. While GFM offers an open business infrastructure to its clients independently of its parent NBL, both companies are lined-up in terms of business strategies to support clients in the deployment of low-liquidity investment strategies. Together, we offer a comprehensive and exceptional Luxembourg "one-stop-shop" solution under Nomura's global franchise.

GFM is in position to offer its existing and third-party clients the broadest range of Luxembourg's investment fund solutions and product regimes which provide comprehensive investor protection through strong governance and substance.

New investment funds' creation, especially in the alternative investment space, further diversify the revenue stream and increase resilience of the company income stream to adverse investment environment as it could be witnessed during the past fiscal year.

Service Organisation Control Report

In order to demonstrate the effectiveness of the control framework in place to oversee its operations to its existing and potential clients, NBL has mandated Ernst & Young to issue a combined ISAE 3402 / U.S. AT section 801 report for the fiscal year ended 31 March 2023, our eight Service Organisation Control report.

Risk management and financial soundness

NBL regards risk excellence as a key pillar of its financial stability and is, in that regard, accountable towards its clients and shareholders. Aligned with the sound risk culture advanced by Nomura Group we are constantly enhancing our corporate governance in all its components and hereby represent that we have proportionate internal resources and effective governance bodies in place to unceasingly identify, monitor and mitigate the whole range of evolving risks to which we are exposed.

Accordingly, NBL is committed to the strengthening of its control functions and business areas through the continuous enhancement of both human resources and technology. This commitment aims to foster the evolution of a risk culture throughout the Bank.

With respect to arising risks, NBL is mindful of the increasing protean cyber threats to which the banking industry and the Bank are exposed and we have invested a commensurate amount of financial and human resources to remain abreast with the latest technological evolutions and regulatory expectations. We aim at offering the best in class protection of the integrity of our environment to ultimately ensure the continuity of the services to our clients' assets that we safeguard and grow, this is one of our core duties and a priority for us.

Aware of the relevance that Climate and Environmental Risks have as drivers that could modify NBL's risk profile, we have developed the business and risk strategies to consider those risk drivers to the extent they could affect NBL and following the expectations of the regulators. NBL has included Climate and Environmental Risks drivers in the continued evaluation of all risks towards which NBL is exposed and further actions will be implemented according to the evolution of the market expertise.

Once again, NBL can demonstrate the soundness of its capital and liquidity related risk components:

- Bank's solvency ratio stands at 32.84% as at 31 March 2023 (compared to 20.14% a year ago) which remains significantly above the regulatory requirement which illustrates the soundness of NBL's Tier 1 capital.
- The Liquidity Coverage Ratio requirement is being met with a ratio of 159.03% as at 31 March 2023 (compared to 146.67% at the end of the previous fiscal year).

In accordance with its obligations as set forth by the relevant regulatory instruments and as per Nomura Group Risk framework, we have performed our internal capital and liquidity adequacy assessment process and developed capital forecasts over a three-year period. The exercise included stress tests analysis of all the material risk universes. Accordingly, we represent that NBL continues to be adequately capitalised and that its liquidity situation is adequately monitored and managed, in line with the overarching principles of serving its clients' liquidity and ensuring the Bank's long-term viability. Additionally, it is foreseen that even in the consideration of the most adverse scenario the Bank will remain profitable over the next three years.

We refer to Note 31 for further details on Risk Management.

Regulatory compliance

Lifted by our values of integrity and expertise, we unrelentingly invest in regulatory compliance.

Aligned with one of our founding principles of staying one-step ahead, anticipating and addressing the changes affecting the complex regulatory environment under which NBL and its Affiliates operate is a vital priority for us. As such, we remain abreast of these changes and concurrently support our clients in leveraging connected business opportunities that may arise.

To support the effective handling of those changes, NBL leverages its dedicated regulatory changes management's body coordinated by its Compliance function which oversees the timely execution of related action plans. Thanks to this scrutinized setup, NBL has the means in place to line up all relevant stakeholders across the board while supporting regulatory awareness of its people.

Conscious of the benefits that can be brought through technology to support us in steering through the quickly evolving regulatory and risk landscape, we have equipped our Compliance function with modern means to support the performance of its duties when it comes to identifying regulatory changes, managing them and assessing our risk exposures accordingly.

It is worth highlighting that NBL and its subsidiaries are represented in different Industry Associations at Luxembourg (notably the ABBL, ALFI, ALCO, ALRiM) and European levels (the EFAMA for instance) while we also have regular recourse to other Nomura Group entities for sharing of best practices and joining forces.

During the past year, we notably focused on the implementation of the necessary means to address our obligations as laid down by Sustainable Finance Disclosure Regulation, EU Taxonomy regulation for one of our affiliate and prepare ourselves to Corporate Sustainability Reporting (CSRD) and also to Climate-related and Environmental Risks (CER) / EU Taxonomy, EMIR Refit, Digital Operational Resilience Act (DORA), European Long Term Investment Funds (ELTIF) and uplifted Outsourcing requirements for instance.

On the Anti-Money Laundering and International Sanctions front, since February 2022, a series of sanctions against certain entities (of which financial institutions) and individuals in Russia from EU, UK, US countries are monitored on an ongoing basis with limited impact.

NBL has put in place all the necessary means to address its regulatory obligations towards both serviced funds' investments and investors. Additionally, conscious that the results of the sanctions and geopolitical instability have created an important volatility in the financial markets with a potential to adversely impact global economies and increase instability across markets, we have tabled those elements as part of our financial projections with no material impact to highlight given our particularly limited exposures.

Moving forward together: Our unwavering commitment to service excellence

At NBL, our core mission is to empower our clients, by providing comprehensive asset servicing solutions that drive growth and enhance operational efficiency. We understand that our clients rely on us to safeguard their assets, execute transactions seamlessly, and navigate complex regulatory environments with precision. We take this responsibility seriously, and it fuels our passion to consistently surpass expectations.

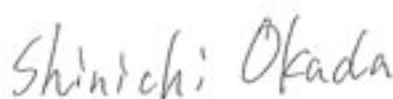
As we look to the future, we are excited about the opportunities that lie ahead. The dynamic nature of the industry presents both challenges and prospects for growth, and we are confident in our ability to navigate this ever-changing landscape successfully. We will continue to innovate, evolve, and leverage our strengths to deliver value, deepen relationships, and drive sustainable growth for our franchise.

Gratitude


In closing, we want to express our deepest gratitude for the continued trust placed by our clients in NBL. We are committed to creating long-term value and are honored to partner with them on this journey.

Together, we will build a brighter future and achieve new heights of success.

7 June 2023



Shinichi OKADA
Chairman of the Board of Directors
Nomura Bank (Luxembourg) S.A.



Katsuya IMANISHI
Director & Chief Executive Officer
Nomura Bank (Luxembourg) S.A.



Independent auditor's report

Independent auditor's report

To the Board of Directors of
Nomura Bank (Luxembourg) S.A.
Société Anonyme
33, rue de Gasperich
L-5826 Hesperange

Report on the audit of the Financial Statements

Opinion

We have audited the Financial Statements of Nomura Bank (Luxembourg) S.A. (the "Bank"), which comprise the statement of financial position as at 31 March 2023, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Bank as at 31 March 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of the audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Completeness and valuation of provisions for operational risk linked to the investment funds-related activities (including Fund Administration, Transfer Agent and Custodian activities)

Description

Operational risk mainly relates to errors that could occur through the day to day execution of transactions and performance of services to customers, including inter alia the execution of transactions on behalf of customers, of subscriptions and redemptions of investors in the investment funds, the identification of corporate actions, the periodic calculation of the Net Assets Value (NAV) of the investment funds, the monitoring of investment restrictions compliance as well as the safekeeping of the customers' assets.

The Bank is subject to operational risk in relation with the above mentioned activities and we consider this as a key audit matter as the Bank is executing a high volume of transactions and operations of significant amounts on behalf of customers, and operational errors could lead to significant operational losses, to breaches of regulatory obligations and thus impact the reputation of the Bank.

As at 31 March 2023, the Bank has not recorded any provision for operational risk since it is not aware of any operational errors which would require a provision. Gains and losses resulting from operational errors are recorded respectively in the captions “Other operating income” and “Other operating expenses”.

For the year ended 31 March 2023, net losses from operational errors amount to EUR 166,300.

See Note 31 (g) to the Financial Statements for more information on operational risk.

How the matter was addressed in our audit

We assessed and tested the design and operating effectiveness of the key controls implemented by the Bank over the execution of transactions, the calculation of the Net Assets Value, the monitoring of investment restrictions and the safekeeping of the customers’ assets.

We performed the following main procedures:

- We reviewed the Service Organization Control Report (ISAE 3402) covering the Global Custody, Fund Accounting, Transfer Agency and Information Technology activities for the period from 1 April 2022 to 31 March 2023 issued by Ernst & Young Luxembourg and assessed the appropriateness of the controls’ descriptions and the outcome of the testing of the effectiveness of such controls on operational risks;
- We tested the design and operating effectiveness of the relevant IT General Controls implemented by the Bank (access management, change management, proper segregation of duties);
- We obtained an understanding of the operational risk monitoring procedures and tested how identified operational losses and gains that occurred from 1 April 2021 to 31 March 2023 have been monitored and reported to the Management;
- We obtained the incident reports and checked the completeness of such reports. We also checked that each incident has been carefully analyzed and that a financial impact has been determined by the Bank;
- We assessed the analysis performed by the Bank and checked that operational gains or losses determined by the Bank have been adequately recorded in the Financial Statements;
- We obtained and assessed the reports issued by Internal Audit, Compliance and Risk Management and the issues identified in these reports as well as the key risk indicators implemented to monitor the Bank’s activities;
- We obtained and assessed the reports sent to the Management that we considered relevant for audit purposes;
- We read the correspondence between the Bank and the CSSF;
- We obtained the list of all the existing claims and litigations and assessed the related risks and potential financial impacts;
- We obtained and assessed the answers received from all lawyers of the Bank further to our confirmation requests;
- We assessed the level of provisions for operational errors recorded by the Bank as at 31 March 2023 as well as the movements during the year then ended;
- In the context of our procedures on subsequent events, we ensured that no operational error has been identified after 31 March 2023 which would require an adjustment of the financial statements as of 31 March 2023.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the Financial Statements and our report of "Réviseur d'Entreprises Agréé" thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises Agréé" for the audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises Agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises Agréé" by the Board of Directors on 9 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 20 years.

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation N° 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Antoine Le Bars
Luxembourg, 20 June 2023

Statement of financial position

As of 31 March 2023
(expressed in EUR)



Assets

	Notes	31 March 2023	31 March 2022
Cash, cash balances at central banks and other demand deposits	4, 31, 32	1,096,972,961	765,976,714
Derivatives held for trading	5, 31, 32, 35	271,678,643	547,506,047
Financial assets at fair value through profit or loss	6, 31, 32	886,766,738	1,323,328,486
Debt instruments		886,766,738	1,323,328,486
Financial assets at fair value through other comprehensive income	7, 31, 32, 35	17,990,784	15,673,888
Equity instruments		17,990,784	15,673,888
Financial assets at amortized cost	8, 31, 32, 35	1,817,595,642	2,164,229,822
Loans and advances to credit institutions		1,769,437,155	1,774,430,893
Loans and advances to customers		48,158,487	389,798,929
Tangible assets	9, 31	9,004,941	10,101,795
Intangible assets	9, 31	4,425,524	6,683,837
Tax assets	14, 31	6,118,998	9,582,009
Current tax assets		6,086,268	8,219,302
Deferred tax assets		32,731	1,362,707
Other assets	10, 31	15,771,832	15,131,570
Total assets		4,126,326,064	4,858,214,168

The accompanying notes form an integral part of these Financial Statements.

Liabilities and shareholders' equity

<i>Liabilities</i>	<i>Notes</i>	<i>31 March 2023</i>	<i>31 March 2022</i>
Derivatives held for trading	11, 31, 32, 35	271,367,560	552,904,914
Financial liabilities at amortized cost	13, 31, 32, 35	3,448,564,031	3,918,770,822
Amounts due to credit institutions		185,050,887	25,857,922
Amounts due to customers		3,249,774,817	3,852,105,634
Other financial liabilities		13,738,327	40,807,266
Tax liabilities	14, 31	21,609,315	13,331,431
Current tax liabilities		19,685,529	10,194,042
Deferred tax liabilities		1,923,786	3,137,389
Other liabilities	15, 31	13,788,859	14,335,603
Total liabilities		3,755,329,765	4,499,342,770
<i>Shareholders' equity</i>			
Issued capital	16	28,000,000	28,000,000
Reserves (including Retained earnings)	17	296,494,866	299,325,254
Accumulated other comprehensive income		15,506,358	13,376,533
Profit for the year		30,995,077	18,169,611
Total shareholders' equity		370,996,299	358,871,398
Total liabilities and shareholders' equity		4,126,326,064	4,858,214,168

A scenic view of Mount Fuji, a snow-capped mountain peak, rising above a layer of white clouds. In the foreground, a steep, forested hillside is visible, with trees showing autumnal colors of green, yellow, and orange. A white rectangular text box is overlaid on the left side of the image, containing the title and period of the financial statement.

Income statement

For the year ended 31 March 2023
(expressed in EUR)

	Notes	31 March 2023	31 March 2022
Net interest income	19, 20, 35	20,079,080	2,193,949
Interest and similar income		66,629,313	7,431,158
Interest and similar expenses		(46,550,233)	(5,237,209)
Net fee and commission income	21, 35	55,845,836	55,769,695
Fee and commission income		57,216,430	57,026,235
Fee and commission expenses		(1,370,594)	(1,256,540)
Net (un)realized gains on financial assets and liabilities held for trading	22	19,953,730	19,993,137
Net (un)realized gains/(losses) on non-trading financial assets mandatorily at fair value through profit or loss	23	(224,103)	43,979
Net (un)realized losses on financial liabilities designated at fair value through profit or loss	12, 24, 32	---	(414,648)
Net Foreign exchange differences	25	(845,740)	(495,338)
Net other operating income/expenses		(907,816)	(648,631)
Other operating income		272,436	143,737
Other operating expenses		(1,180,252)	(792,368)
Administrative expenses	26, 28, 29, 30, 34, 35, 36	(48,716,997)	(46,585,636)
Depreciation and amortization	9, 27	(5,217,678)	(5,687,146)
Tangible assets		(2,746,348)	(2,702,749)
Intangible assets		(2,471,330)	(2,984,397)
Impairment on financial assets	31	7,306	(3,231)
Profit before tax		39,973,619	24,166,130
Income tax	14	(8,978,542)	(5,996,519)
Profit for the year		30,995,077	18,169,611

The accompanying notes form an integral part of these Financial Statements.

Statement of comprehensive income

For the year ended 31 March 2023
(expressed in EUR)



	31 March 2023	31 March 2022
Profit for the year	30,995,077	18,169,611
Other comprehensive income		
Net unrealised gains on financial assets at fair value through OCI – Equity instruments	2,316,897	678,501
Deferred tax relating to the above item	(187,073)	(108,814)
Other comprehensive income for the year, net of tax	2,129,824	569,687
Total comprehensive income for the year, net of tax	33,124,901	18,739,298

Return on Assets (ROA) as of 31 March 2023 amounts to 0.75% (31 March 2022: 0.37%).

The accompanying notes form an integral part of these Financial Statements.

Statement of changes in equity

For the year ended 31 March 2023
(expressed in EUR)



	Balance at 31-Mar-22	Allocation of prior year's profit	Net transfers from/to reserves (note 17)	Dividends distribution	Total comprehensive income	Balance at 31-Mar-23
Issued capital	28,000,000	---	---	---	---	28,000,000
Retained earnings	231,773,580	18,169,611	2,900,000	(21,000,000)	---	231,843,191
IFRS First Time Adoption (FTA) Reserve *	3,201,673	---	---	---	---	3,201,673
Reserves:	64,350,000	---	(2,900,000)	---	---	61,450,000
a) Legal reserve (1) *	2,800,000	---	---	---	---	2,800,000
b) Special reserves (2) *	61,550,000	---	(2,900,000)	---	---	58,650,000
Cumulative change in FV of investments at FVTOCI*	13,376,534	---	---	---	2,129,824	15,506,358
Profit for the year	18,169,611	(18,169,611)	---	---	30,995,077	30,995,077
Shareholders' equity	358,871,398	---	---	(21,000,000)	33,124,901	370,996,299

	Balance at 31-Mar-21	Allocation of prior year's profit	Net transfers from/to reserves (note 17)	Dividends distribution	Total comprehensive income	Balance at 31-Mar-22
Issued capital	28,000,000	---	---	---	---	28,000,000
Retained earnings	231,745,823	11,647,757	2,100,000	(13,720,000)	---	231,773,580
IFRS First Time Adoption (FTA) Reserve *	3,201,673	---	---	---	---	3,201,673
Reserves:	66,450,000	---	(2,100,000)	---	---	64,350,000
a) Legal reserve (1) *	2,800,000	---	---	---	---	2,800,000
b) Special reserves (2) *	63,650,000	---	(2,100,000)	---	---	61,550,000
Fair Value OCI reserve *	12,806,847	---	---	---	569,687	13,376,534
Profit for the year	11,647,757	(11,647,757)	---	---	18,169,611	18,169,611
Shareholders' equity	353,852,100	---	---	(13,720,000)	18,739,297	358,871,398

(*) Unavailable reserves

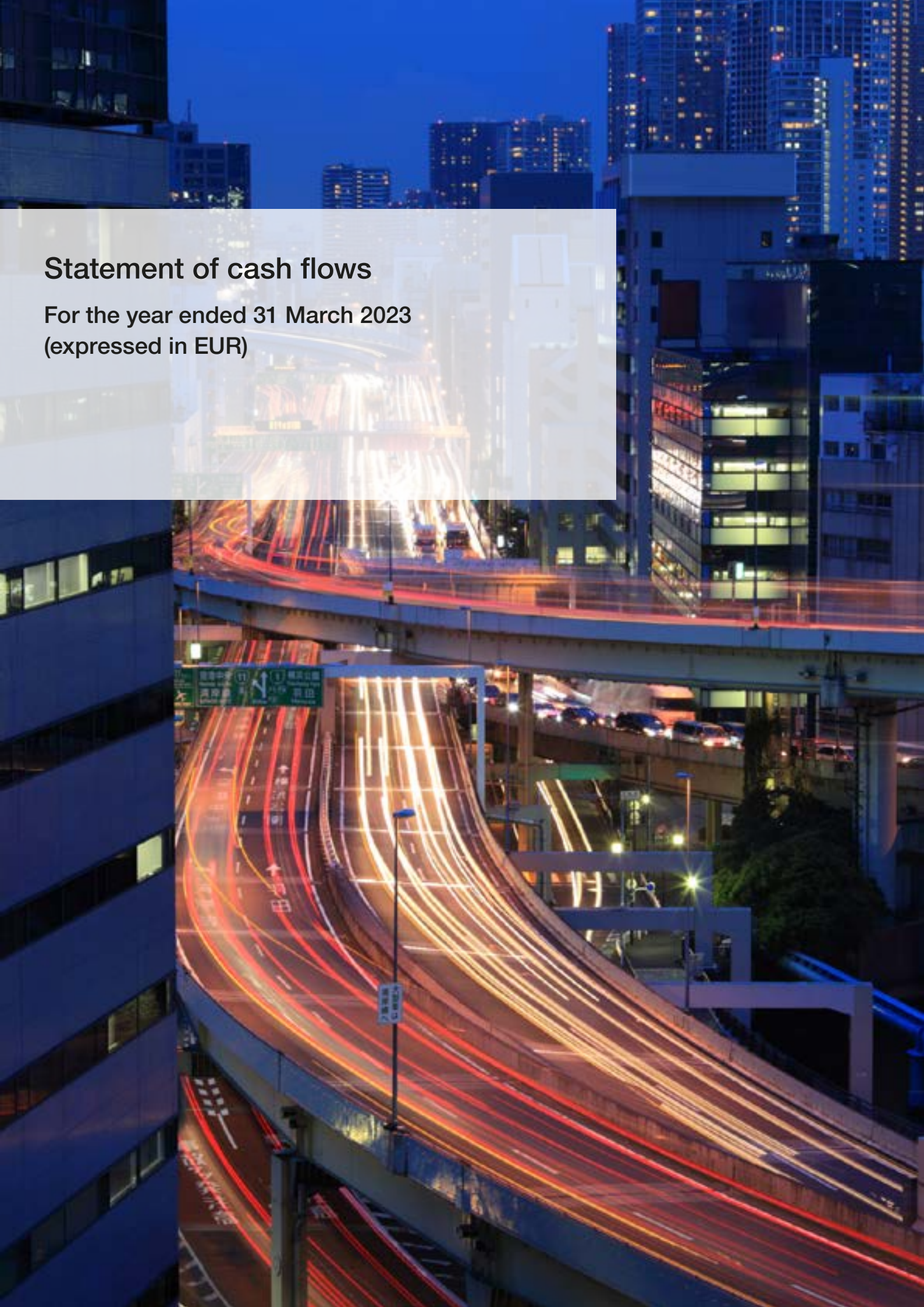
(1) Legal reserve in accordance with Luxembourg law (see Note 17)

(2) Reserves linked to reduction of Net Wealth Tax charge subject to conditions (see Note 17)

The accompanying notes form an integral part of these Financial Statements.

Statement of cash flows

For the year ended 31 March 2023
(expressed in EUR)



	31 March 2023	31 March 2022
Profit/(Loss) before tax	39,973,619	24,166,130
Adjustments:		
Depreciation/Amortization of tangible and intangible assets (Note 27)	5,217,678	5,687,146
Change in FX in derivatives held for trading	(1,953,730)	(19,993,137)
Change in FX of investments at FVTPL	224,103	(43,979)
Interest on lease	172,457	76,849
Cash flows from operating profits before changes in operating assets and liabilities	25,634,127	9,893,010
Net (increase)/decrease in derivatives held for trading	14,243,780	34,182,807
Net (increase)/decrease in loans and advances to credit institutions *	241,724,431	(65,194,789)
Net (increase)/decrease in loans and advances to customers	341,640,442	(310,025,850)
Net (increase)/decrease in financial assets at FVTPL	436,561,748	(718,513,014)
Net (increase)/decrease in current tax assets	2,133,034	---
Net (increase)/decrease in deferred tax assets	1,329,976	835,820
Net (increase)/decrease in other assets	(640,262)	459,821
Net increase/(decrease) in amounts due to credit institutions	159,192,965	24,662,130
Net increase/(decrease) in amounts due to customers	(602,330,817)	1,254,300,791
Net increase/(decrease) in other financial liabilities	(25,143,094)	25,642,775
Net increase/(decrease) in other financial liabilities at FVTPL (Note 32)	---	(1,151,636)
Net increase/(decrease) in current tax liabilities	512,945	(137,195)
Net increase/(decrease) in deferred tax liabilities	(1,400,675)	(654,417)
Net increase/(decrease) in other liabilities	(546,744)	1,779,091
Net cash flows from operating activities	592,687,753	256,122,615
Net increase/(decrease) of tangible assets (Note 9)	(1,630,872)	(10,021,858)
Net increase/(decrease) of intangible assets (Note 9)	213,017	(1,265,460)
Net cash flows from investing activities	(1,843,889)	(11,287,319)
Dividend distribution	(21,000,000)	(13,720,000)
Lease payment	(2,116,924)	8,312,093
Net cash flows from investing activities	(23,116,924)	(5,407,907)
Net increase/(decrease) in cash and cash equivalents	567,726,940	239,427,389
Cash and cash equivalents at the beginning of the year	1,952,861,905	1,713,434,516
Cash and cash equivalents at the end of the year	2,520,588,845	1,952,861,905
<i>of which: not available</i>	<i>36,104,458</i>	<i>33,739,497</i>

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition:

	31 March 2023	31 March 2022
Cash, cash balances at central banks and other demand deposits (Note 4)	1,096,972,961	765,976,714
Loans and advances to credit institutions	1,423,615,884	1,186,885,191
repayable with less or three months maturity from the date of acquisition	1,423,615,884	1,186,885,191
Cash and cash equivalents	2,520,588,845	1,952,861,905

(*) Excluding amounts of loans and advances to credit institutions which are part of cash and cash equivalent disclosed here below.
The accompanying notes form an integral part of these Financial Statements.

The background of the entire page is a photograph of a traditional Japanese red wooden bridge, likely the Shinkyo Bridge at Kiyomizu-dera. The bridge has a curved wooden deck and bright red railings. It is surrounded by lush greenery and numerous cherry blossom trees in full bloom, with pink blossoms framing the top and sides of the bridge. In the distance, a few people can be seen walking across the bridge. In the foreground on the right, a red cylindrical post with a black finial is visible, featuring vertical Japanese text.

Notes to the Financial Statements

As of 31 March 2023

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NOTE 1 - CORPORATE INFORMATION

Corporate matters

Nomura Bank (Luxembourg) S.A. (the “Bank” or “NBL”) was incorporated in Luxembourg on 2 February 1990 as a Société Anonyme.

Nature of the Bank's business

The object of the Bank is to undertake all banking, financial securities and fiduciary operations and to engage in leasing and factoring activities for its own account or for account of its customers.

The Bank can establish or take part in finance and other companies or acquire, encumber or dispose of real estate for its own or for account of its customers.

A significant volume of the Bank's transactions is concluded directly with companies of the Nomura Group or with their Japanese clients.

Financial Statements

The Bank's accounting year ends on 31 March of each year. The Financial Statements were authorized for issue by the Bank's Board of Directors on 7 June 2023.

Parent undertaking

The Bank is a subsidiary of Nomura Europe Holdings Plc (the “Parent company”), a holding company incorporated under the laws of United Kingdom and whose registered office is in London. The consolidated accounts of Nomura Europe Holdings Plc may be obtained at 1 Angel Lane, London, EC4R 3AB, UK.

The Bank's ultimate parent is Nomura Holdings, Inc., a holding company incorporated under the laws of Japan whose registered office is in Tokyo. The consolidated accounts of Nomura Holdings, Inc. may be obtained at 1-13-1, Nihonbashi, Chuoku, Tokyo 103-8645, Japan.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Statements are prepared on the historical cost basis except for derivatives held for trading, hold to collect and sell, financial assets and debt certificates designated at fair value which are measured at fair value.

Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the relative interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) as adopted for use in the European Union.

The preparation of Financial Statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the Board of Directors in the application of IFRS that have significant effect on the Financial Statements and estimates with a significant risk of material adjustments in the next year are developed in Note 3.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year, except for the following amendments to IFRS effective as of 1 January 2022 (for the avoidance of doubt, only the new standards, amendments to standards and IFRIC which may have an effect on the Bank's Financial Statements are mentioned below). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IASB and IFRIC texts endorsed by the European Union and applied as from 1 January 2022

- Amendments to IFRS 3 – Conceptual Framework, IAS 16 – Property, Plant and Equipment, IAS 37 – Costs of Fulfilling a Contract, IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1 Insurance Contracts – Classification of Liabilities as current or non-current;
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from Single Ref Transaction

The Bank has considered the above-mentioned amendments and standards but has come to the conclusion that they do not affect its financial situation.

Standards issued but not yet effective

The following IFRS standards and IFRIC interpretations were issued with an effective date for financial periods beginning on or after 1 January 2022. The Bank has chosen not to early adopt these standards and interpretations before their effective dates. The Bank having its end of fiscal year on 31 March the applicable date for these standards is 1 April 2022.

Only accounting policies and disclosures applicable or potentially applicable to the Bank are mentioned below.

IASB and IFRIC texts endorsed by the European Union during the current period but not yet applicable as from 1 January 2022

- Amendments to IFRS 3 – Conceptual Framework, IAS 16 – Property, Plant and Equipment, IAS 37 – Costs of Fulfilling a Contract, IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

IFRS and IFRIC texts issued during previous periods and endorsed by the European Union as at 1 January 2023

- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies;
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- Amendments to IAS 12 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date;
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Bank has considered the above-mentioned amendments and standards but does not foresee any significant impact on its financial situation.

Exemption from preparing consolidated accounts

These Financial Statements are prepared on a stand-alone basis.

According to the current Luxembourg regulation, the Bank is exempt from the requirement to publish consolidated accounts and a consolidated management report.

(a) Foreign currency translation

The Financial Statements are presented in Euro ("EUR"), which is also the Bank's functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rates prevailing at the reporting date. All differences arising on non-trading activities are taken to "Foreign exchange differences" in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The main exchange rates used as of 31 March 2023 and 2022 are as follows:

	31 March 2023	31 March 2022
EUR/USD	1.091	1.116
EUR/JPY	144.902	136.503

(b) Financial assets classification and measurement

Financial assets classification and measurement are based on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These factors determine whether the financial assets are measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

All debt instrument financial assets, including loans, that do not meet a solely payment of principal and interest ("SPPI") condition, including those that contain embedded derivatives, are classified as mandatorily measured at fair value through profit or loss. For those that meet the SPPI condition, classification at initial recognition is determined based on the business model under which these financial assets are managed.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial liabilities

Financial liabilities are measured at amortized cost except those designated at fair-value (fair-value option). The Bank has decided to use the fair value option to measure the debt certificates issued under a medium-term notes program due to their embedded derivatives.

(d) Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognized on the value date. This includes purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Derivatives held for trading

Derivatives held for trading are recorded in the statement of financial position at fair value. Changes in fair value are recognized in "Net (un) realized gains (losses) on financial assets and liabilities held for trading". Interest income or expense is recorded in "Net interest income" according to the terms of the contract, or when the right to the payment has been established.

(iv) Hedging derivatives

The Bank may use derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities.

The treatment of any resulting gains and losses is set out below.

A hedging relationship exists when:

- At the inception of the hedge there is formal documentation of the hedge;
- The hedge is expected to be highly effective throughout the period and prospectively;
- The effectiveness of the hedge can be reliably measured;
- For hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

(v) Financial liabilities designated at fair value through profit or loss

Financial liabilities classified in this category are those that have been designated by management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or
- The liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in "Net (un) realized gains (losses) on financial assets and liabilities designated at fair value through profit or loss" in the income statement.

(vi) *Loans and advances*

Under IFRS 9, loans and advances follow the business model "Held To Collect" cash flows. Therefore, they are valued at amortized cost and subjected to the ECL calculation.

(e) **De-recognition of financial assets and financial liabilities**

(i) *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
 - The Bank has transferred substantially all the risks and rewards of the asset; or
 - The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

(ii) *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Reverse repurchase agreements

Securities purchased under agreements to resell at a specified future date are not recognized in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in the caption "Net interest income" and is accrued over the life of the agreement using the effective interest rate ("EIR").

(g) Determination of fair value

The fair value for financial instruments traded in active markets is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Bank's best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit and liquidity spread and limitations in the models.

Also, profit or loss calculated when such financial instruments are first recorded ("Day 1" profit or loss) is deferred and recognized only when the inputs become observable or on de-recognition of the instrument.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 32.

(h) Impairment of financial assets

IFRS 9 has introduced a new impairment model based on Expected Credit Loss ("ECL").

The expected credit loss model requires the recognition of impairment at an amount equal to the probability-weighted 12-month ECL or lifetime ECL depending on whether there has been a significant increase in credit risk since initial recognition of the financial instrument. If a significant increase in credit risk has occurred since initial recognition, then impairment is measured as lifetime ECL otherwise 12-month ECL are measured, which represent the portion of lifetime ECL that are expected to occur based on default events that are possible within 12 months after the reporting date.

Evidence of impairment could include indications that the borrower or a group of borrowers was experiencing significant financial difficulty, the probability that they would enter bankruptcy or other financial reorganization, default or delinquency in interest or principal payments and where observable data indicated that there was a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlated with defaults.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) *Financial assets carried at amortized cost*

For financial assets carried at amortized cost, the Bank first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Interest and similar income". Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Bank.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading assessment.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience, if any, is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(i) **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the statement of financial position.

(j) Recognition of income and expenses

Revenue recognition under IFRS 15 is applied using a five-step model:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation in the contract;
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Interest and similar income and expenses

For all financial instruments measured at amortized cost and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as "Other operating income".

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee income has to be divided into the following two categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees, if any, are deferred (together with any incremental costs) and recognized as an adjustment to the EIR on the loan. When it is unlikely that a loan be drawn down, the loan commitment fees are recognized over the commitment period on a straight-line basis.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, if any, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

(iii) Dividend income

Dividend income is recognized when the Bank's right to receive the payment is established.

(k) Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprises cash on hand, current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

(l) Tangible assets

Tangible assets are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of tangible assets to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Computer hardware: 3 to 5 years;
- Other fixtures and fittings, tools and equipment: 5 years.

Tangible assets are derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the caption "Other operating income/expenses" in the income statement in the year the asset is derecognized.

Under IFRS 16, the Bank recognizes a right-of-use ("ROU") asset and a lease liability at initiation for all leases, except for short-term leases and leases of low values.

(m) Intangible assets

The Bank's intangible assets include the value of computer software and licenses. An intangible asset is recognized only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Development expenditures on an individual project are recognized as an intangible asset when the Bank can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Amortization is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

- Computer software and licenses: 3 to 5 years.

(n) Impairment of non-financial assets

The carrying amounts of the Bank's assets, except deferred income tax assets and financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(o) Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements (within "Other liabilities") at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less, when appropriate, cumulative amortization recognized in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement. The premium received is recognized in the income statement in the caption "Net fee and commission income" on a straight-line basis over the life of the guarantee.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Pension benefits

The Bank operates a defined contributions pension plan. The contributions payable to a defined contributions plan is in proportion to the annual gross salary of the concerned employees and is recorded as an expense under “Administrative expenses”. Unpaid contributions are recorded as a liability.

(q) Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

(r) Taxes

Income tax on the income statement for the year comprises current and deferred taxes. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date.

(ii) Deferred income tax

Deferred income tax is provided using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

NOTE 3 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Bank makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Going concern

The Bank's Board of Directors has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

(b) Estimation of fair values of financial instruments

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments.

(i) Securities

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

(ii) Derivatives

The fair value of derivatives is calculated, for listed instruments, on the basis of market prices ruling at the end of reporting period. When market prices are not available and/or reliable, valuation methods and models are used based on market-derived data (e.g. valuation of listed instruments with similar characteristics, discounted cash flow analysis, option price calculation methods, or valuation used in comparable transactions).

When discounted cash flow techniques are used, estimated future cash flows are based on Board of Directors' best estimates and the discount rate is a market related rate for a similar instrument at the reporting date. Where other pricing models are used, inputs are based on market related data at the reporting date.

(iii) Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

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, position size, 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 market liquidity adjustments. These adjustments are fundamental components of the fair value calculation process. The valuation technique used maximizes the use of market inputs and recognizes the use of entity-specific inputs which are unobservable in the market.

NOTE 3 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Valuation pricing models and their underlying assumptions impact the amount and timing of recognized gains and losses recognized, and the use of different valuation pricing models or underlying assumptions could produce different financial results. Any changes in the fixed income, equity, and foreign exchange and commodity markets can impact the Bank's estimates of fair value in the future, potentially affecting trading gains and losses. The Bank's estimates of fair value may involve greater subjectivity due to the lack of transparent market data available upon which to base assumptions underlying valuation pricing models.

(iv) Other financial assets / liabilities

For other financial assets / liabilities with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

(c) Impairment

Assets are subject to impairment tests at the end of reporting periods. In determining whether an impairment loss should be recognized, the Bank makes judgements to ascertain whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of a long-term reduction in the value of the asset concerned, this is recognized in income statement on the basis of market prices in the case of listed instruments, and of estimated future cash flows discounted according to the original effective interest rate in the case of unlisted instruments. If the reasons for which the loss was recorded subsequently cease to apply, the impairment is written back to profit or loss accounts.

(d) Deferred taxes

Provisions for income taxes have been calculated on the basis of current, advance and deferred obligations. Advance and deferred taxes are calculated on the basis of temporary differences – without time limits – between the carrying amount of an asset or liability and its tax base.

Deferred tax assets and liabilities have been stated using the assumptions that the tax base of the assets and liabilities are determined by reference to Luxembourg tax principles.

NOTE 4 - CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS (IN EUR)

	31 March 2023	31 March 2022
Cash balances at central banks	899,026,920	633,600,000
Other demand deposits	197,946,041	132,376,714
Total	1,096,972,961	765,976,714

Credit institutions established in Luxembourg are required to hold minimum reserves with the Luxembourg Central Bank. These deposits represent 1% of some of their liabilities. Compliance with the reserve requirement is determined on the basis of the institutions' average daily reserve holdings over the maintenance period. Thus, reserves of credit institutions can vary from one day to another following their treasury management, the money market or their expectations in terms of interest rates.

Mandatory reserve deposits with the Luxembourg Central Bank are not used in the Bank's day to day operations. ECL is detailed on Note 31.

NOTE 5 - DERIVATIVES HELD FOR TRADING - ASSETS (IN EUR)

The Bank has entered into forward foreign exchange contracts mainly in the context of clients' transactions (these positions are then covered by a reverse transaction in the market) and, to a non significant extent, for dealing purposes.

	31 March 2023 Unlisted	31 March 2022 Unlisted
Derivatives on foreign exchange rates	271,678,643	547,506,047
Total	271,678,643	547,506,047

Type of derivatives / Underlying items	Foreign currency		Total - 31 March 2023	
	Notional amount	Fair value	Notional amount	Fair value
Unlisted financial derivatives	11,567,144,835	271,678,643	11,567,144,835	271,678,643
Total	11,567,144,835	271,678,643	11,567,144,835	271,678,643

Type of derivatives / Underlying items	Foreign currency		Total - 31 March 2022	
	Notional amount	Fair value	Notional amount	Fair value
Unlisted financial derivatives	12,197,548,042	547,506,047	12,197,548,042	547,506,047
Total	12,197,548,042	547,506,047	12,197,548,042	547,506,047

NOTE 6 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (IN EUR)

Debt instruments

They are composed of:

	31 March 2023	31 March 2022
Listed financial assets	886,766,738	1,323,328,486
Total	886,766,738	1,323,328,486

As of 31 March 2023, listed debt instruments are composed of Japanese and United Kingdom highly liquid corporate and government bonds with maturity of less than 6 months.

	31 March 2023	31 March 2022
France	---	322,254,163
Japan	859,306,159	607,362,530
Belgium	---	67,927,640
Germany	---	60,037,062
Netherlands	---	157,279,162
Ireland	---	50,004,725
United Kingdom	27,460,579	38,460,626
Luxembourg	---	20,002,578
Total	886,766,738	1,323,328,486

As of 31 March 2023, and 2022, the composition of listed debt instruments by counterparty type is the following:

	31 March 2023	31 March 2022
Public bodies	859,306,159	607,362,530
Other entities	27,460,579	715,965,956
<i>of which Credit Institutions</i>	---	50,024,900
Total	886,766,738	1,323,328,486

Collateral posted

As of 31 March 2023, the Bank has pledged debt securities which have a total fair value of EUR 285,129,875 (2022: EUR 137,237,495) of which EUR 241,541,650 (2022: EUR 117,234,917) in favor of Euroclear in order to benefit from a credit facility of USD 400 million maximum to cover daily settlement activity.

NOTE 7 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME IN (EUR)

Equity instruments

They were composed of:

	31 March 2023	31 March 2022
Unlisted equity investments	17,990,784	15,673,888
Total	17,990,784	15,673,888

As of 31 March 2023 and 2022, financial assets at fair value through other comprehensive income are mainly composed of shares in the following affiliated undertakings:

Name:	Global Funds Management S.A.
Registered office:	33, rue de Gasperich L-5826 Hesperange
Proportion of the capital held:	100%
Amount of capital and reserves as of 31.03.2023:	EUR 10,026,884
Profit for the year ended 31.03.2023:	EUR 323,023
Amount of capital and reserves as of 31.03.2022:	EUR 9,622,468
Profit for the year ended 31.03.2022:	EUR 404,417

Name:	Global Funds Trust Company
Registered office:	c/o Maples & Calder P.O. Box 309, Ugland House George Town, Grand Cayman Cayman Islands
Proportion of the capital held:	100%
Amount of capital and reserves as of 31.03.2023:	EUR 4,030,003
Profit for the year ended 31.03.2023:	EUR 343,422

Amount of capital and reserves as of 31.03.2022:	EUR 3,687,125
Profit for the year ended 31.03.2022:	EUR 342,878

These affiliated undertakings are based on discounted cash flow fair value measurement.

Financial assets at fair value through other comprehensive income are also composed, for an insignificant amount, of other unlisted securities.

NOTE 8 - FINANCIAL ASSETS AT AMORTIZED COST (IN EUR)

	31 March 2023	31 March 2022
Loans and advances to:		
- Credit institutions	1,769,437,155	1,774,430,893
- Other financial corporations	47,518,810	389,390,658
- Households	639,677	408,271
Total	1,817,595,642	2,164,229,822

As of 31 March 2023, in accordance with IFRS 9, the Bank has recorded an ECL on its financial assets at amortized cost for an amount of EUR 8,580 (2022: EUR 16,559).

ECL detail is disclosed on Note 31.

Credit institutions - breakdown:

	31 March 2023	31 March 2022
Reverse Repurchase agreements	436,015,590	470,747,834
Other term loans	1,329,793,598	1,289,625,854
Advances that are not loans	3,627,967	14,057,205
Total	1,769,437,155	1,774,430,893

Other financial corporations - breakdown:

	31 March 2023	31 March 2022
Reverse Repurchase agreements	42,345,169	161,172,875
Other term loans	2,594,125	210,924,470
Advances that are not loans	2,579,516	17,293,313
Total	47,518,810	389,390,658

Advances that are not loans are accounts receivable for the account of third parties. These accounts are "Transitory accounts" maintained by the Bank for operational purposes and are linked to the accounts payable for the account of third parties disclosed in the caption "Other financial liabilities" (Note 13).

Guarantees received as collateral

The reverse repurchase agreements are fully secured by government or corporate bonds.

NOTE 8 - FINANCIAL ASSETS AT AMORTIZED COST (IN EUR) (CONTINUED)

Households - breakdown:

	31 March 2023	31 March 2022
Credit cards, personal loans and loans guaranteed by payrolls	639,677	408,271
Total	639,677	408,271

The granted of these credit cards, personal loans and loans guaranteed by payrolls are limited to employee of the Bank and is not linked to third parties.

NOTE 9 - MOVEMENTS IN TANGIBLE AND INTANGIBLE ASSETS (IN EUR)

The following table presents the movements in tangible and intangible assets during the financial year:

Tangible and intangible assets	Gross value at the beginning of the financial year	Additions	Gross value at the end of the financial year	Accumulated depreciation and amortization at the beginning of the financial year	Adjustment prior year	Accumulated depreciation and amortization at the end of the financial year	Net carrying value as of 31 March 2023	Net carrying value as of 31 March 2022
Tangible assets	29,427,627	1,630,872	31,058,499	(19,325,832)	18,622	(22,053,558)	9,004,941	10,101,795
<u>of which:</u>								
Computer hardware	12,724,291	1,591,872	14,316,163	(11,620,146)	---	(12,304,084)	2,012,079	1,104,145
Office furniture, fixtures, fittings and equipment	4,918,620	39,000	4,957,620	(4,727,971)	---	(4,773,659)	183,961	190,649
Right of use assets on buildings ¹	11,784,716	---	11,784,716	(2,977,715)	18,622	(4,975,814)	6,808,902	8,807,001
Intangible assets	46,885,335	213,017	47,098,352	(40,201,498)	---	(42,672,828)	4,425,524	6,683,837
<u>of which:</u>								
Computer softwares and licences	46,885,335	213,017	47,098,352	(40,201,498)	---	(42,672,828)	4,425,524	6,683,837

⁽¹⁾ These amounts relate to the application of IFRS 16.

NOTE 10 - OTHER ASSETS (IN EUR)

	31 March 2023	31 March 2022
Commissions receivable	9,806,874	9,569,408
Prepaid expenses	2,774,595	2,543,268
Other items	3,190,363	3,018,894
Total	15,771,832	15,131,570

Commissions receivable refer to fees receivable for the services (mainly Custodian, Administration and Paying Agency services) rendered by the Bank. A significant part of those commissions is usually claimed on a quarterly basis.

Other items are mainly composed of fees to be received from the Bank's subsidiaries in relation to Framework agreements in place and fees from Agency business with other Group counterparties (refer to Note 35).

NOTE 11 - DERIVATIVES HELD FOR TRADING - LIABILITIES (IN EUR)

Derivatives held for trading - Liabilities are composed of the negative fair values of the ELS ("equity-linked security") and the forward foreign exchange contracts.

The Bank enters into forward foreign exchange contracts mainly in the context of clients' transactions (these positions are then covered by a reverse transaction in the market) and, to a non-significant extent, for dealing purposes.

	31 March 2023	31 March 2022
Derivatives on foreign exchange rates (unlisted)	271,367,560	552,904,914
Total	271,367,560	552,904,914

NOTE 11 - DERIVATIVES HELD FOR TRADING - LIABILITIES (IN EUR) (continued)

Type of derivatives / Underlying items	Foreign currency		Total - 31 March 2023	
	Notional amount	Fair value	Notional amount	Fair value
Unlisted financial derivatives	12,020,333,994	271,367,560	12,020,333,994	271,367,560
Total	12,020,333,994	271,367,560	12,020,333,994	271,367,560

Type of derivatives / Underlying items	Foreign currency		Total - 31 March 2022	
	Notional amount	Fair value	Notional amount	Fair value
Unlisted financial derivatives	13,095,808,966	552,904,914	13,095,808,966	552,904,914
Total	13,095,808,966	552,904,914	13,095,808,966	552,904,914

NOTE 13 - FINANCIAL LIABILITIES AT AMORTIZED COST (IN EUR)

Amounts due to credit institutions

As of 31 March 2023 and 2022, they are composed of:

	31 March 2023	31 March 2022
Overdraft	19,839,160	1,279,079
Collaterals	165,211,727	24,578,843
Total	185,050,887	25,857,922

Amounts due to customers

As of 31 March 2023 and 2022, they are composed of:

	31 March 2023	31 March 2022
Current accounts	2,945,317,468	3,265,851,598
Term deposits	304,457,350	586,254,036
Total	3,249,774,818	3,852,105,634

Other financial liabilities

As of 31 March 2023 and 2022 they are composed of:

	31 March 2023	31 March 2022
Other financial liabilities	13,738,327	40,807,266
<i>of which lease liabilities*</i>	7,530,827	9,456,672
Total	13,738,327	40,807,266

Other financial liabilities are accounts payable for the account of third parties. These accounts are “Transitory accounts” maintained by the Bank for operational purposes and are linked to the accounts receivable for the account of third parties disclosed in the caption “Financial assets at amortized cost” (Note 8).

*Lease liabilities consist of a leasing contract that the Bank has entered into for its office premises which started on 1 April 2021 and ends on 30 April 2027.

NOTE 14- TAX EXPENSE/INCOME, TAX ASSETS AND TAX LIABILITIES (IN EUR)

The components of income tax expense/income, tax assets and tax liabilities for the years ended 31 March 2023 and 2022 are as follows:

	31 March 2023	31 March 2022
Current tax assets	6,086,268	8,219,302
Deferred tax assets	32,731	1,362,707
- due to temporary deductible differences	32,731	1,362,707
- due to carry-forward of unused tax credits	---	---
- due to carry-forward of unused tax losses	---	---
Total tax assets	6,118,998	9,582,009
Current tax liabilities	19,685,529	10,194,042
Deferred tax liabilities		
- due to temporary taxable differences	1,923,786	3,137,389
Total tax liabilities	21,609,315	13,331,431
Income tax	31 March 2023	31 March 2022
Current taxes	9,049,242	5,815,824
<i>related to the fiscal year</i>	9,773,455	5,815,824
<i>related to previous years</i>	(724,213)	---
Deferred taxes	(70,700)	180,695
<i>related to the fiscal year</i>	(70,700)	180,695
<i>related to previous years</i>	---	---
Total	8,978,542	5,996,519

NOTE 14 - TAX EXPENSE/INCOME, TAX ASSETS AND TAX LIABILITIES (IN EUR) (continued)

The reconciliation between the tax expense/income and the accounting profit multiplied by Luxembourg tax rate for the years ended 31 March 2023 and 2022 is as follows:

	31 March 2023	31 March 2022
Profit/(loss) before tax	39,973,619	24,166,130
Theoretical tax expense/income (24,94% rate)	(9,969,421)	(6,027,033)
+/- adjustments linked to:		
non-deductible expenses	375,512	123,265
tax prior year reimbursed	724,213	---
Other	(108,848)	(92,751)
Total	(8,978,544)	(5,996,519)

NOTE 15 - OTHER LIABILITIES (IN EUR)

	31 March 2023	31 March 2022
Salary related contributions	2,212,329	2,131,222
Deferred income	6,930,007	8,090,021
Other	4,646,523	4,114,360
Total	13,788,859	14,335,603

Deferred income includes payments received by the Bank for its agency activities within its own medium term notes program and within other debt securities programs carried out by other companies of the Nomura Group for which the Bank delivers agency services (Calculation Agent, Paying Agent and Settlement Agent).

NOTE 16 - ISSUED CAPITAL (IN EUR)

As of 31 March 2023 and 2022, the Bank's authorized, subscribed and paid-up capital amounts to EUR 28,000,000, represented by 2,800 ordinary shares with a nominal value of EUR 10,000 each.

NOTE 17 - RESERVES (INCLUDING RETAINED EARNINGS) (IN EUR)

Under Luxembourg law, the Bank must appropriate to a legal reserve an amount equivalent to at least 5% of the annual net profit until such reserve is equal to 10% of the share capital. This appropriation is made in the following year. Distribution of the legal reserve is restricted.

Luxembourg tax legislation provides for a reduction in the net worth tax equal to its global amount on the condition that a special reserve is established in an amount equal to 5 times the net worth tax reduction for the current year, and maintained for 5 years.

Allocation of the net result for the year ended 31 March 2022:

Profit for the year ended 31 March 2022	18,169,611
Distribution of dividend	(21,000,000)
Release of the NWT reserve 2017	11,700,000
Allocation to the NWT reserve 2023	(8,800,000)
Allocation to retained earnings	69,611

NOTE 18 - ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

As of 31 March 2023, the aggregate amount of the Bank's assets denominated in currencies other than EUR, translated into EUR, amounts to EUR 3,172,388,271 (2022: EUR 3,548,468,132).

As of 31 March 2023, the aggregate amount of the Bank's liabilities denominated in currencies other than EUR, translated into EUR, amounts to EUR 3,396,977,541 (2022: EUR 4,067,696,652).

NOTE 19 - INTEREST AND SIMILAR INCOME (IN EUR)

	31 March 2023	31 March 2022
Derivatives - trading	---	28,181
Debt securities	6,519,985	376,932
Loans and advances	59,557,429	3,134,409
Deposits	551,899	3,891,636
Total	66,629,313	7,431,158

NOTE 20 - INTEREST AND SIMILAR EXPENSES (IN EUR)

	31 March 2023	31 March 2022
Debt securities (negative interest rates)	(1,329,023)	(1,321,437)
Loans and advances (negative interest rates)	(2,440)	(3,135,257)
Deposits	(45,046,312)	(679,689)
Debt securities issued	---	(23,977)
Interest on lease liabilities	(172,457)	(76,849)
Total	(46,550,233)	(5,237,209)

NOTE 21 - NET FEE AND COMMISSION INCOME (IN EUR)

	31 March 2023	31 March 2022
Administration fees	24,062,457	24,345,086
Custody fees	13,576,542	11,520,475
Other fees	18,206,837	21,160,674
Total fee and commission income	55,845,836	57,026,235
Total fee and commission expenses	(1,370,594)	(1,256,540)
Net fee and commission income	54,475,242	55,769,695

NOTE 22 - NET (UN)REALIZED GAINS ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (IN EUR)

For the years ended 31 March 2023 and 2022, this caption includes the realized and unrealized gains and losses on derivative financial instruments held for trading.

	31 March 2023	31 March 2022
Derivatives on interest rates	(73,202)	414,648
Derivatives on foreign exchange rates	20,026,932	19,578,489
Total	19,953,730	19,993,137

NOTE 23 - NET (UN)REALIZED GAINS/(LOSSES) ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS (IN EUR)

	31 March 2023	31 March 2022
Debt securities	(224,103)	43,979
Total	224,103	43,979

NOTE 24 - NET (UN)REALIZED LOSSES ON FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (IN EUR)

	31 March 2023	31 March 2022
Debt securities issued	---	(414,648)
Total	---	(414,648)

NOTE 25 - NET FOREIGN EXCHANGE DIFFERENCES (IN EUR)

	31 March 2023	31 March 2022
Spot exchange on derivatives and other financial instruments		
Gains	8,802,246,790	369,206,795
Losses	(8,803,092,530)	(369,702,133)
Total	(845,740)	(495,338)

NOTE 26 - ADMINISTRATIVE EXPENSES (IN EUR)

	31 March 2023	31 March 2022
Wages and salaries		
- Wages and salaries	26,270,189	26,143,077
- Social contributions	2,482,279	2,757,490
- Other expenses	1,310,545	1,258,392
- Defined contributions plan	540,818	502,150
Total wages and salaries	30,603,831	30,661,109
Other administrative expenses		
- Advisory and audit fees ⁽¹⁾	1,245,185	967,307
- Legal fees	78,067	162,174
- Maintenance, repairs and refurbishment	59,923	77,108
- Rents and leases	227,759	190,710
- Service providers	124,782	118,765
- <i>Couriers</i>	19,724	22,168
- <i>Telephone and web services</i>	105,058	96,597
- Agency and travel expenses	161,576	67,521
- Membership subscription	2,608,297	2,248,721
- IT costs	7,910,876	6,902,914
- Pricing and other services	5,244,558	4,847,210
- Other	452,143	342,097
Total other administrative expenses	18,113,166	15,924,527
Total administrative expenses	48,716,997	46,585,636

⁽¹⁾ Refer to Note 30 for the detail of the fees paid to the Réviseur d'entreprises agréé.

NOTE 27 - DEPRECIATION AND AMORTIZATION (IN EUR)

For the years ended 31 March 2023 and 2022, depreciation and amortization are as follow:

31 March 2023	Depreciation	Amortization	Total
Tangible assets	2,746,348	---	2,746,348
of which:			
Owned assets	729,626	---	729,626
Right-of-Use assets	2,016,722	---	2,016,722
Intangible assets	---	2,471,330	2,471,330
Total	2,746,348	2,471,330	5,217,678

31 March 2022	Depreciation	Amortization	Total
Tangible assets	2,702,749	---	2,702,749
of which:			
Owned assets	655,381	---	655,381
Right-of-Use assets	2,047,368	---	2,047,368
Intangible assets	---	2,984,397	2,984,397
Total	2,702,749	2,984,397	5,687,146

NOTE 28 - GUARANTEES, CONTINGENT LIABILITIES AND COMMITMENTS (IN EUR)

As of 31 March 2023 and 2022, the Bank's guarantees and commitments may be analyzed as follows:

	31 March 2023	31 March 2022
Guarantees given		
Financial guarantees	77,470	67,670
Total	77,470	67,670

As of 31 March 2023 and 2022, guarantees given are composed of guarantees given on behalf of some of the Bank's employees to third parties for an amount of EUR 77,470 (2022: EUR 67,670).

NOTE 28 - GUARANTEES, CONTINGENT LIABILITIES AND COMMITMENTS (IN EUR) (CONTINUED)

Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial position.

Deposit guarantee schemes – Fonds de garantie des dépôts Luxembourg (“FGDL”) and Fonds de résolution (“FRL”)

The law related to the resolution, reorganization and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes (the “Law”), transposing into Luxembourgish law the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes, was passed on 18 December 2015.

This new system will cover eligible deposits of each depositor up to an amount of EUR 100,000 and investments up to an amount of EUR 20,000. The Law also provides that deposits resulting from specific transactions or fulfilling a special social or other purpose are covered for an amount above EUR 100,000 for a period of 12 months.

The funded amount of the FRL shall reach by the end of 2023 at least 1% of covered deposits, as defined in article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount will be collected from the credit institutions through annual contributions during the years 2015 to 2023. The amount paid by the Bank for the year ended 31 March 2023 in that respect is EUR 1,996,591 and is included under “Administrative expenses” (31 March 2022: EUR 1,585,484).

The target level of funding of the FGDL is set at 0,8% of covered deposits, as defined in article 163 number 8 of the Law, of the relevant credit institutions and is to be reached by the end of 2018 through annual contributions. The contributions are to be made in the form of annual payments during the years 2016 to 2018.

When the level of 0.8% is reached, the Luxembourg-based credit institutions should continue contributing for 8 additional years in order to reach an additional safety buffer of 0.8% of covered deposits as defined in article 163 number 8 of the Law.

No contribution was made for the year ended 31 March 2023 as the Bank had no covered deposits.

NOTE 29 - STAFF

For the years ended 31 March 2023 and 2022, the average number of Bank's staff is as follows:

	31 March 2023	31 March 2022
Management – Senior	4	4
Management – Middle	43	42
Other staff	254	249
Total	301	295

As of 31 March 2023 and 2022, the Bank has granted the following credits and guarantees to members of its managerial bodies.

	31 March 2023	31 March 2022
Loans	44,000	---
Guarantees	26,030	---
Total	70,030	---

NOTE 30 - FEES PAID TO THE RÉVISEUR D'ENTREPRISES AGRÉÉ (IN EUR)

For the years ended 31 March 2023 and 2022, the fees paid to the Réviseur d'entreprises agréé are split as follows (excluding VAT):

	31 March 2023	31 March 2022
Statutory audit of the financial statements	197,825	187,521
Other assurance services	97,000	88,000
Total	294,825	275,521

For the years ended 31 March 2023 and 2022, "Other assurance services" consisted of the issuance of a Service Organization Control ("SOC") Report Type II on global custody, fund accounting, transfer agency and information technology activities.

NOTE 31 - RISK MANAGEMENT (IN EUR)

In the Note 31, the concept of “hedging” is to be understood from an economic point of view and not from an IFRS point of view.

1. Three Lines of Defence Model

The Bank has adopted the “Three Lines of Defense” model as the outline for risk governance, comprising the following elements:

- 1) First line of defense refers to the business areas who own and manage their risks in accordance with agreed risk policies, limits and controls, at the operational level. It is composed of the Bank’s business activities, including Fund Administration Business Unit, Depositary & Custody Business Unit, Banking Services Business Unit, Client Support Business Unit, and Information Technology.
- 2) Second line of defense formed by the control and support functions are responsible for ensuring that all business units anticipate, identify, assess, measure, monitor, manage and duly report all the risks to which the institution is or may be exposed. The second line is formed by: Risk Management Department, Compliance Department, Corporate Legal Department, Fund Legal Department, Corporate Planning & Strategy Business Unit, the Data Privacy Manager and Information Security Department.
- 3) Third line of defense consists of the internal audit function, which provides independent, objective and critical review of the first two lines of defense.

2. Embedding risk governance across the Bank

■ Board of Directors

The Board of Directors has the ultimate responsibility for setting up the Bank’s appetite for risks and the tolerance limits. In case that the risk appetite is breached, the Board of Directors shall require corrective measures, which may need to be reported to the regulator as per regulatory requirements.

The Board of Directors shall globally define strategies and supervise the risk management and capital adequacy. The Board of Directors also ensures that Management establishes a framework for assessing the various risks, develops a system to relate risk to the Bank’s capital level and establishes a method for monitoring compliance with internal policies. The Board of Directors shall promote the risk culture across the Bank.

■ Executive Committee (“ExCom”)

The ExCom has the responsibility to manage the Bank’s day-to-day activities. Regarding risk management, the ExCom has to:

- 1) Implement the Risk Appetite ;
- 2) Adopt and support Risk Management policies and procedures, including controls;
- 3) Set guidelines for the Risk Management framework;
- 4) Promote the risk culture across the Bank;
- 5) Define and review the risk strategy of the Bank.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

■ Risk Management Committee

The purpose of this Committee is to assist the ExCom in fulfilling its responsibility with respect to:

- 1) Assess the adequacy between the risks incurred, the Bank's ability to manage these risks and the internal and regulatory own funds and liquidity reserves;
- 2) Oversight of the Bank's Risk Management framework, including the significant policies, procedures and practices used in managing the Bank's risks;
- 3) Review certain risk limits and regular risk reporting and make recommendations to the ExCom when appropriate;
- 4) Review operational risk events and root causes analysis.

The Risk Management Committee meets on a monthly basis and it is well represented by ExCom members as well as Senior Management of the business units.

■ Other Committees or Groups

The following Committees meet also on a regular basis to complement the risk governance of the Bank:

- 1) Audit Committee;
- 2) Asset and Liability Committee ("ALCO");
- 3) Business Continuity Management Committee;
- 4) Change Advisory Board;
- 5) Due Diligence Steering Committee;
- 6) NBL ExCom and HR Committee;
- 7) Information Security Committee;
- 8) Monthly Interest Review Meeting;
- 9) New Product Approval Committee;
- 10) Nostro Committee;
- 11) Pricing Advisory Group Committee;
- 12) Program Board;
- 13) Regulatory Steering Committee.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

■ Risk Management Department ("RMD")

Risk Management department covers two activities.

- 1) Financial Risk, covering market risk, credit risk, liquidity risk and other financial risks;
- 2) Operational Risk, covering operational risk events, Risk Control Self-Assessment ("RCSA"), Key Risk Indicators ("KRI") and Scenario analysis.

(a) Market Risk: qualitative information

Market risk is the risk of losses arising from fluctuations in values of financial assets or debts (including off-balance sheet items) due to fluctuations in market risk factors (interest rates, foreign exchange rates, prices of securities and others). Exposure to this type of risk results mainly, from FX transaction dealing activities. Bond positions could also generate market risk but considering the short term of the investment the impact is very limited.

Considering that the FX forwards towards the funds clients are hedge back to back with market counterparts, the resulting exposure to market risk is non-material for the Bank.

Foreign Exchange Risk

Exchange rates risk is the risk of loss arising from movements in the exchange rates applicable to the currency positions maintained by the Bank. Considering the reduced FX position of the Bank, foreign exchange risk is non-material.

- Foreign Exchange Risks on Own Positions

Acting upon the clients' orders, the Bank deals spot and forward transactions in JPY, USD, and other currencies. The highest transaction volumes are being performed on USD and JPY currencies.

The Forex Dealing Department has to hedge back to back customer's trades position with market counterparties. As such, no significant speculative transactions are carried out by the Bank for its own account.

The Bank's Risk Appetite defines the following open currency position limits:

- Open FX position less than EUR 150,000 equivalent per actively traded currency (with the exception of USD and JPY less than EUR 500,000 equivalent each);
- EUR 50,000 equivalent per other currency;
- Aggregate open position of EUR 2,500,000 equivalent.

Risk Management Department also performs an independent check against Forex Dealing Department figures and reports to ExCom on a daily basis.

- Foreign Exchange Risks on the Custody and Administration Fees

Another source of foreign exchange risk relates to the mismatch between expenses (mainly in EUR) and revenues as the invoices to funds clients are mainly denominated in non-EUR currencies (in USD and JPY).

The Forex Dealing Department has set up a procedure for converting estimated cash inflows resulting from its main source of revenues: the fund custody and administration fees.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

The Forex Dealing Department monitors the trends of exchange rate curves and may suggest converting measures to cope with the risk attached to the negative variation of exchange rates.

This process allows the Bank to reduce its exposure on foreign exchange risk.

(b) Interest Rate Risk of the Banking Book

Interest rate risk is the potential adverse change in the Economic Value of the Equity (EVE) and in the Earnings of the Bank (Earnings at Risk – EaR) due to fluctuation in interest rates.

The Interest Rate Risk Appetite of the Bank is to maintain a low materiality as measured through different stress tests scenarios affecting both the EVE and the EaR. In the case of the EVE sensitivity is analysis under 16 scenarios regulatory and internal scenarios:

Scenario
-200bps
+200bps
Parallel Shock up
Parallel Shock down
Steeper
Flattener
Short Up
Short Down
1d 99% VaR 2Y down
1d 99% VaR 2Y up
European Bond Crisis
Idiosyncratic September 2014
Debt Ceiling Crisis & Downgrade in 2011
Greek crisis
Lehman
Idiosyncratic September 2011

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

And the EaR sensitivity is derived from two scenarios, of a +/-200 bps movement in interest rates, with a floor of -1%.

The analysis of the balance sheet split by time bucket reveals that the Bank is mainly exposed to interest rate risk for periods less than 1 year.

Despite this observation, according to the CSSF Circular 20/762, a calculation is performed twice a year to assess the impact on NBL balance sheet.

The results of the EaR analysis, indicate an impact of EUR 3.79 million (1.2% of Tier I) for a 200 bps increase of the interest rates and EUR -6.53 million (1.2% of Tier I) of impact for a decrease of 200 bps (2022: EUR 389,419 (0.12% of Tier I) and EUR -194,710 (0.06% of Tier I)).

In the case of the EVE analysis, the results of the three worst scenarios for current and prior years are:

<i>Capital Impact</i>	-0.82%	-0.75%	-0.61%
2022/23	+200bps	Short Up	Flattener
PV Variation	-1,658,211	-1,651,327	1,311,567
<i>Capital Impact</i>	-0.5%	-0.5%	-0.4%
2021/22	+200bps	Short Up	Parallel Shock up
PV Variation	-3,135,320	-3,598,324	-2,686,356
<i>Capital Impact</i>	-0.99%	-1.13%	-0.85%

This stress test confirmed the low level of interest rate risk to the Bank.

(c) Credit risk

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 the agreed terms.

Counterparty Credit Risk

Counterparty credit risk is the risk associated to the deterioration of the creditworthiness of a counterparty, affecting to the exposure before the final settlement of the transaction's cash flows.

Because of the nature of its activity, the Bank enters into a reduced set of transactions for its own account.

The credit risk management and monitoring are performed at two levels:

- Firstly, at local level, by the Risk Management Department;
- Secondly, at the level of the Nomura Group Credit Risk Management.

The applicable framework is defined in the Credit Risk Management Policy.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

- On-Balance Sheet Transactions

The counterparty risk for on-balance sheet activities mainly concerns cash placements that are done on a daily basis by the Liquidity Management Department.

The major part of this liquidity comes from the cash held on the funds cash accounts under the Bank's custody. These cash positions are then placed on the market by the Bank as short-term deposits or reverse repos or invested in short term securities.

Every day, the Liquidity Management Department monitors its credit limits on the peak exposure of outstanding trades and the maximum tenor, which is a time limit of the exposure, as well as the regulatory large exposures limits.

These exposures are compared to the credit limits to define which initial or additional positions may be taken with a specific counterparty.

Risk Management Department performs relevant exposure control and monitoring and a credit risk report is sent by RMD on a daily basis to the ExCom.

Every morning, an extraction of all cash placements as of last business day is provided to the Nomura Group Credit Risk Management and the same day, the Liquidity Management Department and the Risk Management Department receive back from NIP a detailed report containing all the limits (exposure and tenor) and the actual positions by counterparty.

On top of the Bank's internal applicable controls, Nomura Group Credit Risk Management also performs the credit exposure monitoring of the nostro accounts the Bank holds with its counterparties and for the overdrafts of the funds' accounts in the Bank's books.

- Off-Balance Sheet Transactions

Foreign exchange transactions

The Bank enters into foreign exchange transactions with the investment funds under custody (in this case, the Bank is the counterparty of the funds) and then an opposite foreign exchange is performed with market counterparties (mainly Nomura Group).

- Netting agreements

The Bank enters into ISDA and CSA agreements with its counterparties with whom foreign exchange transactions are dealt.

The Bank benefits from the netting clause of those agreements, such that, in the event of a counterparty's failure to perform owing to default, bankruptcy, liquidation or any other similar circumstances, it would have a claim to receive or an obligation to pay only the net sum of the positive and negative mark-to-market values of included individual transactions.

To benefit from the netting clause, ISDA agreements are submitted to the CSSF for recognition as credit risk mitigation technique.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

- Collateral Management Activities

The Bank is engaged in the following collateral management programs:

Pledge of assets

Main credit risk exposure towards the investment funds comes from forward foreign exchange transactions. In order to reduce this exposure, the Bank has entered into Credit Support

Deeds (CSDs) with certain investment funds allowing taking financial collateral (cash or securities).

In case the exposure with one investment fund is going to exceed the Bank's Risk Appetite, the adequate amount of eligible collateral is transferred from the investment fund's portfolio and pledged to the collateral account in order to keep the exposure below the limit.

- Margin calls under CSA

For the forward foreign exchange transactions subject to regulatory margin rules and concluded between the Bank and investment funds or external counterparties, both counterparties to the transaction manage the economic potential loss or gain and require that collateral is allocated to cover the exposure, through a margining process.

The Bank has entered into ISDA/CSA agreements, which describe all the collateral requirements (eligibility, valuation, conditions) that must be followed to cover the mark-to-market exposure arising from these transactions.

In order to make sure that the margin calls are correctly handled, the Bank actively monitors the forward foreign exchange mark-to-market exposure and coverage on a daily basis. The conditions are negotiated by the Bank with the counterparties, and are in line with the Nomura Group Credit Risk guidelines.

- Securities Lending

For the securities lending activity, the Bank acts as an agent to allow Nomura International plc ("NIP"), which is the exclusive borrower, to borrow securities from the portfolios of the investment funds that agree to participate as lenders.

All the securities lent to NIP are pledged by collateral (USD cash amount or G-10 government bonds) in order to cover the counterparty risk. This collateral must represent 105% of the market value of the lent securities.

As agent, the Bank has the responsibility to manage the collateral pledged to cover the counterparty risk. The high eligibility criteria ensure appropriate liquidity of the collateral and the 105% margin covers the potential losses and costs generated by the lent securities buy-in.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

- Exposures classes

The table below shows the credit risk exposure arising from financial assets following the standardized approach. Counterparty credit risk exposure arising from derivatives contracts are measured according to the mark-to-market method. Net exposure consists of the gross exposure less the amount of the collateral received at the reference date.

Balance sheet and off balance sheet exposures

31 March 2023	Gross exposures	Credit risk mitigation	Residual net exposures
Central Governments or Central Banks	1,758,333,078	---	1,758,333,078
Regional Governments or local authorities	---	---	---
Public Sector Entities	---	---	---
Multilateral Development Banks	---	---	---
Institutions	245,712,617	---	245,712,617
Corporates	361,166,760	---	361,166,760
Retail	717,147	---	717,147
Short-Term Credit Assessment	1,971,193,016	461,613,829	1,509,579,187
Equity Exposures	130,950	---	130,950
Other Items	21,245,168	---	21,245,168
Total	4,358,498,737	461,613,829	3,896,884,907

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

31 March 2022	Gross exposures	Credit risk mitigation	Residual net exposures
Central Governments or Central Banks	1,240,962,530	---	1,240,962,530
Regional Governments or local authorities	---	---	---
Public Sector Entities	---	---	---
Multilateral Development Banks	---	---	---
Institutions	1,609,751,059	---	1,609,751,059
Corporates	589,857,772	---	589,857,772
Retail	475,340	---	475,340
Short-Term Credit Assessment	1,413,124,606	(619,534,693)	793,589,913
Equity Exposures	981,471	---	981,471
Other Items	25,360,878	---	25,360,878
Total	4,880,513,656	(619,534,693)	4,260,978,963

Off balance sheet exposures

	Exposure 31 March 2023	Exposure 31 March 2022
Guarantees	77,740	67,670
Total	77,740	67,670

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

Credit quality per class of financial assets

The table below shows the credit quality by class of credit risk assets, based on the Bank's credit rating system (gross exposure amounts at the reference date).

31 March 2023	Neither past due nor impaired					Past due or individually impaired	Impairment	Total
	Prime Quality	High grade	Standard grade	Sub-standard grade	Not rated			
Central Governments or Central Banks	899,026,920	859,306,159	---	---	---	---	---	1,758,333,079
Regional Governments or local authorities	---	---	---	---	---	---	---	---
Public Sector Entities	---	---	---	---	---	---	---	---
Multilateral Development Banks	---	---	---	---	---	---	---	---
Institutions	---	51,981,346	2,537,876	---	191,193,395	---	---	245,712,617
Corporates	---	---	6,571,034	---	354,595,726	---	---	361,166,760
Retail	---	---	---	---	717,147	---	---	717,147
Short-Term Credit Assessment	---	1,775,657,647	195,535,369	---	---	---	---	1,971,193,016
Equity Exposures	---	---	---	---	130,950	---	---	130,950
Other Items	---	---	---	---	21,245,168	---	---	21,245,168
Grand Total	899,026,920	2,686,945,152	204,644,279	---	567,882,386	---	---	4,358,498,737

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

31 March 2022	Neither past due nor impaired					Past due or individually impaired	Impairment	Total
	Prime Quality	High grade	Standard grade	Sub-standard grade	Not rated			
Central Governments or Central Banks	633,600,000	607,362,530	---	---	---	---	---	1,240,962,530
Regional Governments or local authorities	---	---	---	---	---	---	---	---
Public Sector Entities	---	---	---	---	---	---	---	---
Multilateral Development Banks	---	---	---	---	---	---	---	---
Institutions	---	756,464,236	430,079,189	---	423,207,634	---	---	1,609,751,059
Corporates	---	---	8,545,321	---	581,312,451	---	---	589,857,772
Retail	---	---	---	---	475,341	---	---	475,341
Short-Term Credit Assessment	---	569,577,894	682,373,837	---	161,172,875	---	---	1,413,124,606
Equity Exposures	---	---	---	---	981,470	---	---	981,470
Other Items	---	---	---	---	25,360,878	---	---	25,360,878
Grand Total	633,600,000	1,933,404,660	1,120,998,347	---	1,192,510,649	---	---	4,880,513,656

Notes:

Prime quality: AAA

High grade: AA-A

Standard grade: BBB-BB

Sub-standard grade: B and less

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

Geographical allocation of risks

As of 31 March 2023 and 2022, the distribution by geographical area of the risks before taking into account collateral held and other credit enhancements can be summarized as follows:

	31 March 2023	31 March 2022
Australia	---	842,684
Belgium	1,838,117	162,257,573
Japan	1,255,571,319	778,232,777
China	138,554,156	---
Canada	46,529,502	12,025,005
Germany	45,563,831	136,249,489
Denmark	---	11,985,057
France	293,420,252	604,145,853
United Kingdom	300,392,970	681,226,998
Luxembourg	951,151,677	719,562,546
The Netherlands	114,615,750	336,857,903
United States	109,714,092	182,336,204
Cayman Islands	264,939,589	442,911,571
Singapore	---	31,148,025
Sweden	2,583,248	5,823,522
Switzerland	829,331,180	674,699,991
Turkey	1,267,467	147,997
Other	4,358,498,737	4,880,513,656

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

Collateral received or posted

The Bank posts or receives collateral with its counterparties in order to reduce the risk exposure arising from the forward foreign exchange transactions according to the legal agreements signed between parties, or to secure intraday settlement operations.

The securities received under reverse repurchase transactions are credit risk mitigants that reduce the credit risk exposure to the concerned counterparties.

	31 March 2023	31 March 2022
Fair value of cash collateral posted	9,436,818	227,347,582
Fair value of cash collateral received	165,211,727	24,578,844
Fair value of securities collateral posted	---	---
Fair value of securities collateral received from Funds	645,011	1,466,631
Fair value of securities collateral received under Reverse Repurchase transactions	477,288,626	631,551,438

Encumbered assets and unencumbered assets

As of 31 March 2023, they are broken down as follows:

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	329,694,745		3,796,631,318	
Loans on demand	44,564,870		1,052,408,091	
Equity instruments	---	---	17,990,784	17,990,784
Debt securities	285,129,875	285,129,875	601,636,863	601,636,863
Loans and advances other than loans on demand	---		1,817,595,642	
Other assets	---		306,999,938	

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

Collateral received by the Bank	Fair value of encumbered collateral received or own debt securities issued	Unencumbered	
		Fair value of collateral received or own debt securities issued available for encumbrance	Nominal amount of collateral received or own debt securities issued not available for encumbrance
Loans on demand	---	---	---
Equity instruments	52,528,721	44,378,284	---
Debt securities	55,729,550	538,178,173	---
Loans and advances other than loans on demand	---	---	---
Other collateral received	---	---	---
Own debt securities issued other than own covered bonds or ABS	---	---	---

Sources of encumbrance	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs
Carrying amount of selected financial liabilities	271,367,560	165,211,727
Derivatives	271,367,560	165,211,727
Deposits	---	---
Debt securities issued	---	---
Other sources of encumbrance	530,535,650	272,741,290

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

As of 31 March 2022, they were broken down as follows:

	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets	195,395,163		4,662,837,027	
Loans on demand	58,157,668		917,944,338	
Equity instruments	---	---	15,673,888	15,673,888
Debt securities	137,237,495	137,237,495	1,186,090,991	1,186,090,991
Loans and advances other than loans on demand	---		---	
Other assets	---		---	

Collateral received by the Bank	Fair value of encumbered collateral received or own debt securities issued	Unencumbered	
		Fair value of collateral received or own debt securities issued available for encumbrance	Nominal amount of collateral received or own debt securities issued not available for encumbrance
Loans on demand	---	---	---
Equity instruments	---	7,542,881	---
Debt securities	11,694,833	659,975,812	
Loans and advances other than loans on demand	---	---	---
Other collateral received	---	---	---
Own debt securities issued other than own covered bonds or ABSs	---	---	---

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

Sources of encumbrance	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs
Carrying amount of selected financial liabilities	552,904,914	--
Derivatives	552,904,914	--
Deposits	---	--
Debt securities issued	---	--
Other sources of encumbrance	411,358,469	589,023,881

Concentration risk

Concentration risk arises where the Bank becomes overly exposed on one particular counterparty, business area, issuer or geographical region thereby meaning the Bank's performance could be overly influenced by a small number of factors.

Large Exposures

The Bank complies with the Large Exposure limits defined by the applicable regulation, namely the EU Regulation 575/2013 which transposes Basel 3 framework at European level. The total risk exposure towards a single client or group of connected clients must not exceed 25% of the own funds of the Bank, in case of counterparties classified as Corporates. Funds are considered Corporates.

The Bank has become the beneficiary of the guarantees provided by Nomura International Bank to some of NBL's funds clients in order to manage the exposure towards those funds.

Exposures with third-party financial institutions are limited to EUR 150 million per counterparty or group of connected clients. In this context, the Bank has asked for and has been granted by CSSF a partial exemption for its intra-group transactions.

Intragroup exposures, in particular towards Nomura International plc ("NIP"), has been reduced through the use of short-term reverse repurchase transactions (secured loans), instead of money market deposits (unsecured loans).

As the Bank is mainly involved with high rated financial institutions established in OECD countries with stable political and economic environment, the country risk can be considered as limited.

Solvency ratio (or Capital ratio)

This ratio, as defined by the applicable regulation, defines the minimum amount of own funds that the Bank has to maintain in relation to the total risk-weighted assets and off-balance sheet items. The minimum level is 8%.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

Impairment on financial assets

As of 31 March 2023, the ECL calculated on the financial assets amounts to EUR 10,453 (2022: EUR 17,759). There is no ECL on off balance-sheet exposures. During the year ended 31 March 2023, there were no transfer between Stage 1, Stage 2 and Stage 3.

ECL as at 31 March 2023

Balance-sheet exposures	Gross amount before ECL	Stage 1	Stage 2	Stage 3	ECL	Carrying Amount
Cash, cash balances at central banks and other demand deposits	1,096,973,283	1,096,973,283	---	---	(322)	1,096,972,961
Financial assets at amortized cost	1,817,604,221	1,817,604,221	---	---	(8,580)	1,817,595,642
Loans and advances to credit institutions	1,769,442,975	1,769,442,975	---	---	(5,820)	1,769,437,155
Loans and advances to other financial corporations	47,518,841	47,518,841	---	---	(31)	47,518,810
Loans and advances to households	642,405	642,405	---	---	(2,728)	639,677
Other assets	15,773,383	15,773,383	---	---	(1,551)	15,771,832
Total balance-sheet	2,930,350,887	2,930,350,887	---	---	(10,453)	2,930,340,434
Off balance-sheet exposures	Gross amount before ECL	Stage 1	Stage 2	Stage 3	ECL	Carrying Amount
Financial guarantees given	77,740	77,740	---	---	---	77,740

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

ECL as at 31 March 2022

Balance-sheet exposures	Gross amount before ECL	Stage 1	Stage 2	Stage 3	ECL	Carrying Amount
Cash, cash balances at central banks and other demand deposits	765,976,801	765,976,801	---	---	(87)	765,976,714
Financial assets at amortized cost	2,164,246,381	2,164,246,381	---	---	(16,559)	
Loans and advances to credit institutions	1,774,445,572	---	---	---	(14,679)	1,774,430,893
Loans and advances to other financial corporations	389,390,797	---	---	---	(139)	389,390,658
Loans and advances to households	410,012	---	---	---	(1,741)	408,271
Other assets	15,132,684	15,132,684	---	---	(1,113)	---
Total balance-sheet	2,945,355,865	2,945,355,865	---	---	(17,759)	2,945,338,106
Off balance-sheet exposures	Gross amount before ECL	Stage 1	Stage 2	Stage 3	ECL	Carrying Amount
Financial guarantees given	67,670	67,670	---	---	---	67,670

(d) Liquidity risk

Liquidity for a bank is the ability to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses, in both normal and stressed circumstances.

Liquidity risk is the risk of losses arising from difficulty in securing necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of the Bank's creditworthiness or deterioration in market conditions (funding liquidity risk). It is also the risk of losses arising from an inability to easily liquidate assets at the market price because of market stresses or inadequate market depth (market liquidity risk).

(i) Liquidity Risk Profile

The Bank is a liability-driven bank as it is relying in the available cash from the clients deposits as source of funding its investments. Liquidity is placed with both external and intra-group financial counterparties in short term, both secured and unsecured form, mainly on an overnight basis.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

NBL holds separately identified portfolios of short term securities for Liquidity Buffer purpose and as collateral to secure credit lines, for its custody activities, or to meet regulatory margin requirements. These portfolios are not for trading intent.

Therefore, NBL has a limited exposure to funding-liquidity risk and market-liquidity risk.

Regarding derivatives positions, the Bank enters into Foreign exchange ("FX") forward contracts with the funds (undertakings for collective investment custodian and administered by the Bank) that are hedge back to back with market counterparties, as explained above, offsetting the resulting positions after consideration of market spread and currency position rounding.

Given the hedging and back-to-back structure of the above mentioned derivative positions, these positions do not have a material impact on the Bank's liquidity position.

The Bank may be subject to liquidity risk as a consequence of other risks, as identified hereafter:

- Counterparty-Credit Risk:

For NBL, the failure of its counterparties could impair its cash flows and hence its ability to meet its commitments as they fall due. This risk is mitigated at two levels. On one hand, Forex Dealing Department and Liquidity Management Department deal with selected counterparties within the limits that are in the NBL Risk Appetite Statement and, with particular reference to foreign exchange trades, daily collateral exchange allows the reduction of net exposures.

- Concentration Risk:

Concentrations of assets or liabilities can lead to liquidity problems. This risk is mitigated with the respect of credit and Large Exposures limits which prevent unacceptable concentration of counterparty exposures. Furthermore, the Bank complies with Nomura Global Investment Guidelines setting forth concentration limits in terms of country and product exposures.

- Operational Risk:

Significant problems can arise if the systems that process payment transactions or participants fail or delay transactions. Similarly, disruptions can be caused by operational problems at the level of critical participants or key third-party service providers. Cash Management activities are monitored by the Liquidity Management and Back Office departments. These activities are governed by clearly defined processes and procedures, which are periodically reviewed.

(ii) Liquidity Risk Appetite

The Bank's liquidity risk appetite is based on both internal and regulatory stress test models:

- Internal – Maximum Cumulative Outflow ("MCO"): The MCO is the Bank's primary Liquidity Risk Management tool for measuring and monitoring on a daily basis the liquidity pool against two internally defined stress scenarios.

The Risk Appetite requires that NBL maintains an excess Liquidity Buffer over the 12-month (Market Stress MCO) and 30-day (Acute MCO) outflows. The 30-day Acute MCO survival horizon is consistent with the Nomura Group Risk Appetite and the LCR model, and provides sufficient time to execute actions contained within the Bank's Contingence Funding Plan (CFP).

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

- External –

- Liquidity Coverage Ratio (“LCR”): The LCR is a regulatory Liquidity Risk measure of a financial institution’s resilience to a stressed net cash outflow over a 30 day period, which is calculated in accordance with rules as set out in the CRR.
- Net Stable Funding Ratio (“NSFR”): The NSFR aims to promote resilience over a longer time horizon by creating incentives for banks to fund their activities with more stable sources of funding on an ongoing basis. It is a regulatory liquidity measure defined in the CRR.

(iii) Liquidity Measurement and Stress Testing

The main Liquidity Risk Measuring and Monitoring tools for the Bank are:

- 1) Maximum Cumulative Outflow (“MCO”): the MCO is the Bank’s Liquidity Risk management stress test tool for measuring and monitoring on a daily basis the Bank’s liquidity position against internally defined stress scenarios. The purpose of the model is to assess whether the size and composition of NBL’s liquidity pool meets the Bank’s liquidity risk appetite under normal and stressed circumstances.
- 2) Liquidity Buffer: a portfolio of highly liquid and unencumbered assets which serves as liquidity reserve and that can be monetized over a short time frame whenever deemed necessary to address stressed situations and according to the CFP. It cannot be lower than the internally defined minimum amount of liquidity that the Bank targets to keep available at any time, the Minimum Required Liquidity (“MRL”).
- 3) Liquidity Coverage Ratio (“LCR”): the Bank calculates and reports to the CSSF the LCR on a monthly basis as requested by the regulation EU 680/2014.
- 4) The Bank calculates and reports to the CSSF the NSFR on a Quarterly basis as requested by the regulation EU 575/2013.

(iv) Liquidity Risk Controls and Mitigation

Liquidity Management Department is responsible for managing the liquidity buffer with “no trading intent” to ensure that the portfolio is classified within the banking book and not trading book. Risk Management Department monitors the value of the liquidity buffer and compares it to the minimum required level of liquidity on a daily basis.

Liquidity Management Department provides ExCom members with a daily report which gives an overview of the liquidity situation of the Bank, including a high-level status of the intra-group concentration. The same information is also used for reporting to Nomura Group Global Treasury and group consolidation.

A liquidity report is run daily and submitted to the BCL. This report identifies the cash inflows and outflows expected in the upcoming five days.

Financial Accounting Department performs the Liquidity Coverage Ratio calculation and reporting to the CSSF and the BCL as required by the authorities.

Lastly, in case of emergency situation of liquidity shortage, the Head of Liquidity Management Department may invoke the Liquidity Task Force which will decide on the activation of the Contingency Funding Plan.

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

These procedures have been set out to deal with serious adverse market conditions. They operate on an incremental escalation basis where the triggers and related actions depend on the defined severity level (green, red, amber).

Duration analysis: the tables below present the analysis of financial liabilities of the Bank by contractual maturity dates (initial maturity):

31 March 2023	< 1 month	≥ 1 month < 3 months	≥ 3 months < 6 months	≥ 6 months < 1 year	≥ 1 year < 2 years	≥ 2 years < 5 years	≥ 5 years	Total
Derivatives held for trading	37,868,630	228,624,871	4,874,059	---	---	---	---	271,367,560
Financial liabilities designated at fair value through profit or loss	---	---	---	---	---	---	---	---
Amounts due to credit institutions	185,050,887	---	---	---	---	---	---	185,050,887
Amounts due to other financial corporations	3,249,774,817	---	---	---	---	---	---	3,249,774,817
Other financial liabilities	13,738,327	---	---	---	---	---	---	13,738,327
Total financial liabilities	3,486,432,661	228,624,871	4,874,059	---	---	---	---	3,719,931,591

31 March 2022	< 1 month	≥ 1 month < 3 months	≥ 3 months < 6 months	≥ 6 months < 1 year	≥ 1 year < 2 years	≥ 2 years < 5 years	≥ 5 years	Total
Derivatives held for trading	534,600,286	15,361,619	2,943,009	---	---	---	---	552,904,914
Amounts due to credit institutions	25,857,922	---	---	---	---	---	---	25,857,922
Amounts due to other financial corporations	3,852,105,634	---	---	---	---	---	---	3,852,105,634
Other financial liabilities	40,807,266	---	---	---	---	---	---	40,807,266
Total financial liabilities	4,453,371,108	15,361,619	2,943,009	---	---	---	---	4,471,675,736

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

Duration analysis: the tables below present the analysis of the guarantees of the Bank by contractual maturity dates (initial maturity):

31 March 2023	< 1 month	≥ 1 month < 3 months	≥ 3 months < 6 months	≥ 6 months < 1 year	≥ 1 year < 2 years	≥ 2 years < 5 years	≥ 5 years	Undetermined	Total
Guarantees	2,400	---	4,140	42,600	26,230	2,100	---	---	77,470

31 March 2022	< 1 month	≥ 1 month < 3 months	≥ 3 months < 6 months	≥ 6 months < 1 year	≥ 1 year < 2 years	≥ 2 years < 5 years	≥ 5 years	Undetermined	Total
Guarantees	2,100	---	24,570	38,000	---	3,000	---	---	67,670

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

(e) Foreign exchange risk by currencies

As of 31 March 2023 and 2022, the assets and liabilities denominated in EUR, in JPY, in USD and in other currencies are as follows:

31 March 2023	EUR	JPY	USD	Other	Total
Cash, cash balances at central banks and other demand deposits	901,019,090	127,833,413	62,349,112	5,771,346	1,096,972,961
Derivatives held for trading	4,079,818	160,379,599	11,757,820	95,461,406	271,678,643
Financial assets mandatorily at FVTPL Debt securities	---	859,306,159	27,460,579	---	886,766,738
Financial assets at fair value through OCI Equity instruments	17,990,784	---	---	---	17,990,784
Financial assets at amortized cost Loans and advances to credit institutions	5,209,356	---	1,708,421,657	55,806,141	1,769,437,155
Loans and advances to other financial corporations	115,547	575,749	46,819,301	8,213	47,518,810
Loans and advances to households	639,677	---	---	---	639,677
Tangible assets	9,004,941	---	---	---	9,004,941
Intangible assets	4,425,524	---	---	---	4,425,524
Current tax assets	6,086,268	---	---	---	6,086,268
Deferred tax assets	32,731	---	---	---	32,731
Other assets	5,334,057	3,876,757	6,338,216	222,802	15,771,832
Total assets	953,937,793	1,151,971,677	1,863,146,685	157,269,908	4,126,326,064

31 March 2023	EUR	JPY	USD	Other	Total
Derivatives held for trading	5,288,857	159,188,947	11,647,490	95,242,266	271,367,560
Financial liabilities designated at fair value through profit or loss	---	---	---	---	---
Financial liabilities at amortized cost Amounts due to credit institutions	753,002	---	184,231,320	66,564	185,050,887
Amounts due to customers	316,371,355	1,126,147,504	1,757,865,860	49,390,097	3,249,774,817
Other financial liabilities	7,744,489	564,239	4,704,518	725,081	13,738,327
Tax liabilities	21,609,315	---	---	---	21,609,315
of which: deferred tax liabilities	1,923,786	---	---	---	1,923,786
Other liabilities	6,585,206	7,093,225	110,428	---	13,788,859
Total liabilities	358,352,224	1,292,993,915	1,958,559,617	145,424,009	3,755,329,765

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

31 March 2022	EUR	JPY	USD	Other	Total
Cash, cash balances at central banks and other demand deposits	635,723,220	27,166,039	92,834,383	10,253,072	765,976,714
Derivatives held for trading	45,958,176	996,190	332,258,136	168,293,545	547,506,047
Financial assets mandatorily at FVTPL					
Debt securities	559,205,851	607,362,530	156,760,105	---	1,323,328,486
Financial assets at fair value through OCI					
Equity instruments	15,673,888	---	---	---	15,673,888
Financial assets at amortized cost					
Loans and advances to credit institutions	10,062,824	29,303,080	1,666,148,263	68,916,726	1,774,430,893
Loans and advances to other financial corporations	1,214,595	161,338,421	225,941,867	895,775	389,390,658
Loans and advances to households	408,271	---	---	---	408,271
Tangible assets	10,101,795	---	---	---	10,101,795
Intangible assets	6,683,837	---	---	---	6,683,837
Deferred tax assets	8,219,302	---	---	---	8,219,302
Other assets	1,362,707	---	---	---	1,362,707
	5,735,127	3,361,585	5,900,726	134,132	15,131,570
Total assets	1,300,349,593	829,527,845	2,479,843,480	248,493,250	4,858,214,168

31 March 2022	EUR	JPY	USD	Other	Total
Derivatives held for trading	52,736,003	985,392	331,170,882	168,012,637	552,904,914
Financial liabilities designated at fair value through profit or loss	---	---	---	---	---
Financial liabilities at amortized cost					
Amounts due to credit institutions	1,268,070	---	24,589,852	---	25,857,922
Amounts due to customers	347,594,825	929,819,874	2,445,097,229	129,593,706	3,852,105,634
Other financial liabilities	10,705,947	158,964	28,774,260	1,168,095	40,807,266
Tax liabilities	13,331,431	---	---	---	13,331,431
of which: deferred tax liabilities	3,137,389	---	---	---	3,137,389
Other liabilities	6,009,842	8,258,180	67,581	---	14,335,603
Total liabilities	431,646,118	939,222,410	2,829,699,804	298,774,438	4,499,342,770

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

(f) Interest rate risk by residual maturity

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The tables below show the interest rate risk by maturity dates (residual maturity):

31 March 2023	< 1 month	≥ 1 month < 3 months	≥ 3 months < 6 months	≥ 6 months < 9 months	≥ 9 months < 12 months	≥ 12 months or Undetermined	Total
Cash, cash balances at central banks and other demand deposits	1,096,972,961	---	---	---	---	---	1,096,972,961
Derivatives held for trading (ELS)	---	---	---	---	---	---	---
Financial assets mandatorily at fair value through profit or loss	303,508,179	562,544,637	20,713,922	---	---	---	886,766,738
Loans and advances							
Loans and advances to credit institutions	1,651,203,491	109,871,634	---	---	---	8,362,030	1,769,437,155
Loans and advances to customers	42,364,282	62,965	39,947	57,486	56,752	5,577,055	48,158,487
Total	3,094,048,914	672,479,236	20,753,869	57,486	56,752	13,939,085	3,801,335,341

31 March 2023	< 1 month	≥ 1 month < 3 months	≥ 3 months < 6 months	≥ 6 months < 9 months	≥ 9 months < 12 months	≥ 12 months or Undetermined	Total
Derivatives held for trading (ELS)	---	---	---	---	---	---	---
Debt certificates designated at fair value through profit or loss	---	---	---	---	---	---	---
Financial liabilities at amortized cost							
Amounts due to credit institutions	185,050,887	---	---	---	---	---	185,050,887
Amounts due to customers	3,249,774,817	---	---	---	---	---	3,249,774,817
Other financial liabilities	13,738,327	---	---	---	---	---	13,738,327
Total	3,448,564,031	---	---	---	---	---	3,448,564,031
Gap	(354,515,117)	672,479,236	20,753,868	57,486	56,752	13,939,085	352,771,310

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

31 March 2022	< 1 month	≥ 1 month < 3 months	≥ 3 months < 6 months	≥ 6 months < 9 months	≥ 9 months < 12 months	≥ 12 months or Undetermined	Total
Cash, cash balances at central banks and other demand deposits	765,976,714	---	---	---	---	---	765,976,714
Derivatives held for trading (ELS)	---	---	---	---	---	---	---
Financial assets mandatorily at fair value through profit or loss	726,211,147	597,117,339	---	---	---	---	1,323,328,486
Loans and advances							
Loans and advances to credit institutions	1,221,421,823	538,394,311	---	---	---	14,614,758	1,774,430,892
Loans and advances to customers	161,189,103	52,947	33,578	47,803	39,225	228,436,273	389,798,929
Total	2,874,798,787	1,135,564,597	33,578	47,803	39,225	243,051,031	4,253,535,021

31 March 2022	< 1 month	≥ 1 month < 3 months	≥ 3 months < 6 months	≥ 6 months < 9 months	≥ 9 months < 12 months	≥ 12 months or Undetermined	Total
Derivatives held for trading (ELS)	---	---	---	---	---	---	---
Debt certificates designated at fair value through profit or loss	---	---	---	---	---	---	---
Financial liabilities at amortized cost							
Amounts due to credit institutions	25,857,922	---	---	---	---	---	25,857,922
Amounts due to customers	3,852,105,634	---	---	---	---	---	3,852,105,634
Other financial liabilities	40,807,266	---	---	---	---	---	40,807,266
Total	3,918,770,822	---	---	---	---	---	3,918,770,822
Gap	(1,043,972,035)	1,135,564,597	33,578	47,803	39,225	243,051,031	334,764,199

NOTE 31 - RISK MANAGEMENT (IN EUR) (continued)

(g) Operational risk

The Bank has an Operational Risk Management Policy in place which defines the applicable Operational Risk Management Framework (Risk Appetite, incidents reporting, Key Risk Indicators, Risk and Control Self-Assessment).

Operational Risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. It excludes strategic risk (the risk of loss as a result of poor strategic business decisions) but includes the risk of breach of legal and regulatory requirements, and the risk of damage to the Bank's reputation if caused by an Operational Risk event.

Operational Risk is deemed to be material for NBL.

Segregation of duties, internal procedures, and technological systems in place mitigate the risk of losses due to errors or inadequacies.

Besides, NBL has an insurance cover up to an amount of EUR 5 million per annum in the aggregate and once this limit has been reached the Bank is covered by a Group insurance up to an amount of GBP 20 million per loss and in the aggregate.

Finally, NBL has business continuity management in place (including a Disaster Recovery Plan) to ensure ability to operate on an ongoing basis and limit losses in the event of severe business disruption.

NOTE 32 - FAIR VALUE OF FINANCIAL INSTRUMENTS (IN EUR)

The following table summarizes the carrying amounts and fair values of financial assets and liabilities at amortized cost in the statement of financial position.

	Carrying amount		Fair value	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Assets				
Cash, cash balances at central banks and other demand deposits	1,096,972,961	765,976,714	1,096,972,961	765,976,714
Loans and advances	1,817,595,642	2,164,229,822	1,817,595,642	2,164,229,822
Liabilities				
Financial liabilities at amortized cost	3,448,564,031	3,918,770,822	3,448,564,031	3,918,770,822

The fair value of the financial assets and liabilities corresponds to the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

As of 31 March 2023 and 2022, the Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, London Stock Exchange, Frankfurt Stock Exchange, New York Stock Exchange) and exchanges traded derivatives like futures (e.g. Nasdaq, S&P 500, etc.);
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTE 32 - FAIR VALUE OF FINANCIAL INSTRUMENTS (IN EUR) (continued)

31 March 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives held for trading	---	271,678,643	---	271,678,643
Financial assets mandatorily at fair value through profit or loss – Debt instruments	886,766,738	---	---	886,766,738
Financial assets at fair value through other comprehensive income – Equity instruments	---	---	17,990,784	17,990,784
Total financial assets	886,766,738	271,678,643	17,990,784	1,176,436,165
Financial liabilities				
Derivatives held for trading	---	271,367,560	---	271,367,560
Financial liabilities designated at fair value through profit or loss	---	---	---	---
Total financial liabilities	---	271,367,560	---	271,367,560

31 March 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives held for trading	---	547,506,047	---	547,506,047
Financial assets mandatorily at fair value through profit or loss – Debt instruments	1,323,328,486	---	---	1,323,328,486
Financial assets at fair value through other comprehensive income – Equity instruments	---	---	15,673,888	15,673,888
Total financial assets	1,323,328,486	547,506,047	15,673,888	1,886,508,421
Financial liabilities				
Derivatives held for trading	---	552,904,914	---	552,904,914
Financial liabilities designated at fair value through profit or loss	---	---	---	---
Total financial liabilities	---	552,904,914	---	552,904,914

During the years ended 31 March 2023 and 2022, in relation with financial instruments measured at fair value, there were no transfers between the Level 1 and Level 2 categories, and no transfers into and out of the Level 3 category.

During the year ended 31 March 2023, the movement in the financial assets at fair value through other comprehensive income classified in the Level 3 category mainly results from the revaluation of the related assets at their discounted cash flow fair value measurement.

NOTE 32 - FAIR VALUE OF FINANCIAL INSTRUMENTS (IN EUR) (continued)

During the year ended 31 March 2023, the movement in the financial liabilities designated at fair value through profit or loss is nil.

NOTE 33 - CAPITAL MANAGEMENT

The Bank maintains an actively managed capital base to cover risks inherent in the business.

The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the Commission de Surveillance du Secteur Financier supervising the Bank.

During the years ended 31 March 2023 and 2022, the Bank had complied in full with all its externally imposed capital requirements.

NOTE 34 - RETIREMENT BENEFIT PLAN

Since 2002, the Bank has entered into an agreement for payment of the retirement pension charges under the corporate defined contributions pension plan organized by its Parent company.

Only expatriate employees of the Bank are entitled to participate into this corporate pension plan.

NOTE 35 - RELATED PARTY DISCLOSURES (IN EUR)

The Bank has a related party relationship with its Parent company, entities of its Group and with its directors and executive officers.

The amounts of assets, liabilities, income and expenses as of 31 March 2023 and 2022 concerning Group entities, including the Parent company and subsidiaries, are split between subsidiaries and other Group companies as follows:

NOTE 35 - RELATED PARTY DISCLOSURES (IN EUR) (continued)

Subsidiaries:	31 March 2023	31 March 2022
Financial assets at fair value through other comprehensive income	17,859,834	15,567,418
Financial assets at amortized cost – Loans and advances	---	---
Other assets	1,629,294	1,474,294
Total assets	19,489,128	17,041,712
Financial liabilities at amortized cost	17,221,965	16,478,861
Total liabilities	17,221,965	16,478,861
Income and expenses	31 March 2023	31 March 2022
Net fee and commission income	6,667,500	6,677,175
Other group entities:	31 March 2023	31 March 2022
Derivatives held for trading	156,353,913	57,487,010
Financial assets at amortized cost – Loans and advances	---	161,179,041
Other assets	638,205	945,158
Total assets	156,992,118	218,666,051
Derivatives held for trading	21,003,670	269,322,682
Financial liabilities at amortized cost	2,253,615	1,472,168
Total liabilities	23,257,285	270,794,850
Income and expenses	31 March 2023	31 March 2022
Net interest income	1,524,111	80,039
Net fee and commission income	2,103,604	5,100,400
Total	3,627,715	5,180,439

NOTE 36 - REMUNERATION OF MANAGERIAL BODIES AND DIRECTOR'S FEES

The Bank's incurred expenses with respect to the remuneration of the members of the managerial bodies of the Bank are as follows:

	31 March 2023	31 March 2022
Managerial bodies	1,093,477	977,979
Corporate pensions	60,923	78,132
Total	1,154,400	1,056,111

As of 31 March 2023 and 2022, the Bank has issued guarantees on behalf of its managerial bodies as follows:

	31 March 2023	31 March 2022
Guarantees		
Managerial bodies	---	16,430
Total	---	16,430

The Bank's incurred expenses with respect to Director's fees are as follows:

	31 March 2023	31 March 2022
Director's Fees (gross)	52,500	50,000
Withholding Tax	10,500	10,000
Total	63,000	60,000

NOTE 37 - SUBSEQUENT EVENTS

The Bank is not aware of any adjusting or non-adjusting event that would have occurred between 31 March 2023 and the date when the present Financial Statements were authorized for issue.

NOTE 38 - PROPOSED ALLOCATION OF RESULT (IN EUR)

The Board of Directors proposes the following allocation of result:

Profit of the year	30,995,077
Release of the 2018 NWT reserve	12,600,000
Allocation to the 2024 NWT reserve	(9,050,000)
Dividend to distribute to shareholders	(30,940,000)
Allocation to retained earnings	3,605,077

This proposition will be submitted to the approval of the shareholders on 5 July 2023.



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