

Nomura Bank (Luxembourg) S.A.


Financial Statements
Directors' report and
Independent auditor's report

as of 31 March 2025



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Directors' Report

Year ended 31 March 2025

Directors' report

Year ended 31 March 2025

TO OUR SHAREHOLDERS

Since our inception, we have built our foundation on one fundamental principle: Trust. For over three decades, this trust has been earned through our unwavering commitment to understanding and addressing our clients' aspirations.

As we approach Nomura Group's centenary in December 2025, we reflect on the journey of Nomura Bank (Luxembourg) S.A. (hereinafter referred to as "NBL" or "the Bank") and its Luxembourg and Cayman subsidiaries with pride. We firmly believe that this success story is fundamentally rooted in the trust our clients place in us. Their continued confidence in our ability to develop and execute tailored solutions has been the cornerstone of our achievements. By staying true to our strategic vision and aligning it with Nomura Group's broader objectives, we have enhanced our capability to meet and exceed our clients' evolving needs.

During the year, the world entered into uncharted territory and we thus found ourselves navigating through a fog of fundamental drivers such as a rather unpredictable geopolitical realignment and disruptive technological breakthroughs. Such intertwining forces cast shadows of uncertainty over the investment landscape, as their interactions could potentially affect global growth trajectories, trigger unexpected inflation swings, and test market resilience to a magnitude which is challenging to seize. Despite these dynamics, NBL achieved remarkable financial results, notably boosted by remarkable inflows in private assets products, marking another year of increased profitability and comforting our position as a premier asset servicer for foreign investment structures dedicated to Japanese investors. This achievement aligns perfectly with our Group's strategic focus on private assets.

In that respect, a defining moment in our journey this year has been our integration into Nomura Group's newly established Banking division, where NBL proudly serves as the leading non-domestic entity. This strategic reorganization not only reinforces our crucial role within the Group's global infrastructure but also enhances our ability to deliver comprehensive banking solutions to our client base.

Business profile

With 312 partners (as at 31 March 2025), our team embodies the excellence and expertise that define NBL. At NBL, exceeding expectations is not an occasional achievement as it is deeply embedded in our corporate culture which serves as the bedrock of our operations, unifying our teams across various functions and fostering a sense of shared purpose. This mindset enables our teams to anticipate client needs, raise innovative questions, and deliver forward-thinking solutions that consistently position us ahead of industry developments.

Thus, empowering our people is at the forefront of our preoccupations and our talent strategy focuses on three fundamental pillars: comprehensive professional development, performance-based recognition, and enhanced operational resilience. We remain committed to investing in our people through targeted training programs and development initiatives that align with evolving market dynamics and client needs. Accordingly, we create an environment where innovation thrives and excellence becomes second nature.

Assets under Administration ("AuA") demonstrated sustained growth driven by robust investment inflows, reaching USD 56.6 billion as of 31 March 2025, an 8% increase over the fiscal year.

The geographical distribution of our 267 serviced investment vehicles maintained a consistent pattern, with Cayman Islands and Luxembourg based structures representing 83% and 17% of total AuA respectively.

2025 - A robust financial performance

The remarkable financial performance we achieved this year stands as a testament to the deep trust our clients place in our franchise and our ability to adjust our services in perfect alignment with their needs. This trust-based partnership has been the fundamental driver of our success, reflected clearly in our financial results.

Our core asset servicing activities encompassing custody, depositary, and fund administration business lines delivered exceptional results, generating net commissions of EUR 57.6 million, marking a significant year-on-year increase of approximately 7%. This growth directly reflects our clients' confidence in our expertise and their expanding business activities with our franchise.

The prevailing high interest rate environment and FX market dynamics, whilst less volatile than in recent fiscal years, created opportunities that our capital markets activities successfully captured. Through prudent risk management and robust controls, these activities generated substantial net interest revenues of EUR 32.7 million.

The synergy between our revenue growth and our strategic investments in operational efficiency and technological advancement has yielded impressive results. Our profit before tax saw a remarkable increase of EUR 11.9 million, reaching EUR 54.8 million representing a substantial year-on-year growth of 28%. Consequently, our net profit rose by EUR 9.8 million to EUR 41.9 million compared to EUR 32.1 million in the previous year.

The strength of our client relationships and their growing trust in our services is further evidenced by the significant expansion of our balance sheet, which grew by EUR 1,023 million to reach EUR 4,983 million representing a noteworthy year-on-year increase of almost 26%.

Shareholders' equity has slightly increased by roughly 5% to EUR 392 million. In that respect, we refer to Note 36 of the financial statements for the proposed allocation of the profit for the year.

The Company's corporate structure remained unchanged during the period and until the date of issuance of this report, with no treasury share transactions or establishment of new branches or subsidiaries. Furthermore, there were no events subsequent to the 31 March 2025 balance sheet date that would materially affect the reported financial results or warrant additional disclosure in the notes to the financial statements. Similarly, the Bank did not carry out any specific research and development activities as per the meaning of the Law of 17 June 1992 as amended related to the accounts of Credit Institutions.

Bridging Markets: Empowering Japanese retail and institutional Investors through Luxembourg and Cayman capabilities

Our Luxembourg subsidiary

Global Funds Management S.A. (hereinafter referred to as "GFM"), our wholly owned Luxembourg Super Management Company, demonstrates continuous agility in adapting to evolving market dynamics and client requirements. As an integrated UCITS management company, alternative investment fund manager, and money market funds manager, GFM delivers a comprehensive suite of investment solutions to both Nomura Group entities and external clients. These encompass regulated Luxembourg investment funds and specialized vehicles such as reserved alternative investment funds. GFM's solutions are distinguished by their robust governance framework and operational substance, making them the preferred choice for investors seeking flexible, internationally recognized investment vehicles.

GFM's investment fund offerings span diverse strategies and asset classes, ranging from traditional liquid assets to alternative investments including private equity. The company has particularly strengthened its private equity operational capabilities, supporting clients in implementing sophisticated low-liquidity investment strategies. This focused development

has resulted in noticeable market share growth, validating Nomura's strategic business initiatives and enhancing value delivery to our clients.

While maintaining operational independence from its parent company, GFM aligns its business strategy to create a seamless Luxembourg 'one-stop shop' solution within the Group's global franchise. This strategic alignment optimizes service delivery while preserving GFM's autonomous business infrastructure.

The continued expansion of Luxembourg-domiciled investment funds, particularly in the alternative investment segment, coupled with enhanced support for Nomura Group entities, serves to diversify GFM's revenue streams. This strategic approach strengthens the company's financial resilience amid challenging market conditions and an increasingly complex regulatory environment.

Our Cayman presence

Global Funds Trust Company (hereinafter referred to as "GFTC"), established in 1998 as our wholly owned Cayman Islands subsidiary, operates with comprehensive regulatory authorizations:

- a trust company duly incorporated, validly existing and licensed to undertake trust business pursuant to the provisions of the Banks and Trust Companies Act (As Revised) of the Cayman Islands
- a full mutual fund administrator pursuant to the provisions of the Mutual Funds Act (As Revised)
- a Registered Person pursuant to the Securities Investment Business Act (As Revised)

GFTC maintains robust governance arrangements dedicated to ensure its constant adherence to regulatory requirements and industry best practices. The company's core business traditionally centers on providing trustee services to both regulated and unregulated unit trust structures, with additional capabilities such as acting as a Management Company in bilateral trust arrangements.

Building on its strong foundations, GFTC has strategically expanded its alternative investment offerings, with a particular focus on Private Debt funds. This strategic initiative has proven instrumental in driving business growth and diversifying our service offering. The successful roll-out of Private Debt fund solutions demonstrates GFTC's ability to adapt to evolving market demands whilst maintaining its commitment to operational excellence and regulatory compliance. This expansion in the alternative space positions GFTC to capture additional market opportunities and support the broader growth objectives of our global operations.

Service Organisation Control Report

Reaffirming our commitment to operational excellence and transparency, and as part of our continuous effort to provide our clients with the highest level of assurance, NBL engaged KPMG Audit S.à.r.l. to conduct an independent assessment of our control framework. This resulted in the issuance of a combined ISAE 3402 report for the fiscal year ended 31 March 2025 without any identified issue. This comprehensive third-party validation underscores our dedication to maintaining robust controls and operational standards that our clients can rely upon with confidence.

Strengthening our risk and resilience framework

NBL maintains risk management excellence as a cornerstone of its financial stability, continuously enhancing corporate governance in alignment with Nomura Group's robust risk culture. Our comprehensive framework ensures appropriate resources and governance structures to effectively identify, monitor, and mitigate evolving risks.

We consistently strengthen our control functions through strategic investments in human capital and technology, fostering a bank-wide risk-aware culture. Recent years have reinforced the paramount importance of organizational resilience, particularly in our dynamic operating environment where adaptability is crucial.

Cyber security remains a top priority, with significant investments in technological and human resources to meet evolving threats and regulatory requirements. This commitment ensures robust protection of our infrastructure and client assets - a fundamental responsibility we uphold.

NBL's financial position continues to demonstrate strong capital and liquidity metrics, underlining our robust risk management framework:

- Bank's solvency ratio stands at 28.85% as at 31 March 2025 which illustrates the soundness of NBL's Tier 1 capital.
- The Liquidity Coverage Ratio requirement is being met with a ratio of 130.68% as at 31 March 2025.

In line with our duties as laid down by applicable regulatory requirements and in full alignment with our Group Risk framework, we have completed thorough capital and liquidity adequacy assessments with a three-year forward-looking perspective. Our comprehensive stress testing, incorporating material risks and geopolitical factors, validates the Bank's strong capital foundation and prudent liquidity management approach. This positions us to consistently meet client liquidity requirements whilst maintaining institutional resilience. Significantly, our projections indicate sustained profitability across the three-year horizon, even under the most challenging stress scenarios.

We refer to Note 29 for further details on Risk Management.

Advancing regulatory leadership and compliance

Regulatory excellence and compliance remain fundamental to our operations, anchored in our core values of integrity and expertise. Operating within a complex, multi-jurisdictional regulatory landscape requires constant vigilance and adaptability which is a challenge we embrace as an opportunity to enhance our service offering and support our clients' evolving needs.

Our dedicated regulatory change management framework, orchestrated by our Compliance function, ensures systematic implementation of regulatory initiatives through coordinated action plans. This structured approach promotes comprehensive stakeholder alignment and strengthens regulatory awareness across our organization.

The Company and its subsidiaries maintain active leadership roles in prestigious industry bodies, including key Luxembourg associations such as ABBL, ALFI, ILA, ALCO and the ALRiM. This engagement, combined with regular collaboration across Nomura Group entities, enables us to share insights, contribute to industry developments, and leverage collective expertise for the benefit of our clients.

During the year, with respect to the Digital Operational Resilience Act (DORA), a commensurate amount of human and financial resources were lined up not only to address our uplifted regulatory obligations, which is our primary responsibility, but also to further enhance our resilience as an organization. Moreover, we addressed the requirements derived from the regulatory revision of the European Market Infrastructure Regulation (EMIR Refit) as well as Climate-related and Environmental Risks (CERs). We also worked on the Corporate Sustainability Reporting Directive (CSRD) in close cooperation with our Group even though a rather recent regulatory change finally scaled back a large set of the initial requirements. From a Luxembourg regulatory perspective, we proceeded with the uplifting of our framework to implement the requirements laid down in the CSSF Circular 24/856 on investors protection on NAV error and Investment breaches, which is particularly relevant given the nature of the services we render to our clients.

On the Anti-Money Laundering (AML) front, we are continuously monitoring the upcoming regulatory requirements on the new AML package, comprising the 6th Anti-Money Laundering Directive (AMLD6), the EU Single Rulebook Regulation (AMLR) and the Anti-Money Laundering Authority Regulation (AMLAR), which will come in force progressively until 2027.

Advancing with purpose: Trust as our foundation

Building Trust through unwavering service excellence

We fully embrace the significant responsibility entrusted to us by our clients—safeguarding their assets, executing transactions with precision, and skillfully navigating the intricate regulatory environment. As we reflect on our journey and look toward the future, we remain grounded in what truly matters: the trust our clients place in our franchise. While we cannot predict market movements or future events, we can and do control our preparedness, our commitment to excellence, and our resolute focus on client service.


Drawing strength from our century-old Group heritage and our position as a leading non-domestic entity within Nomura's banking division, we are well-positioned to embrace the tremendous opportunities we see amidst the evolving financial landscape notably in the private assets field. Our forward strategy remains steadfast: to concentrate on strengthening what we can influence—our operational resilience, risk management framework, and service quality—whilst maintaining the agility to navigate the challenges and opportunities which lie ahead and thus continue to deliver enhanced value to our clients.

This approach, combined with our commitment to service excellence, will continue to drive sustainable growth for our franchise while deepening the trusted partnerships that define our business relationships.

Closing thoughts

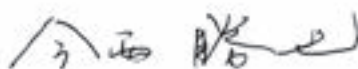
We are profoundly grateful to our clients for their continued partnership and trust. It is this trust that inspires us to continuously enhance our capabilities and drives us to deliver excellence in everything we do. Together, we look forward to writing the next chapter of our shared success story.

17 June 2025



Shinichi OKADA

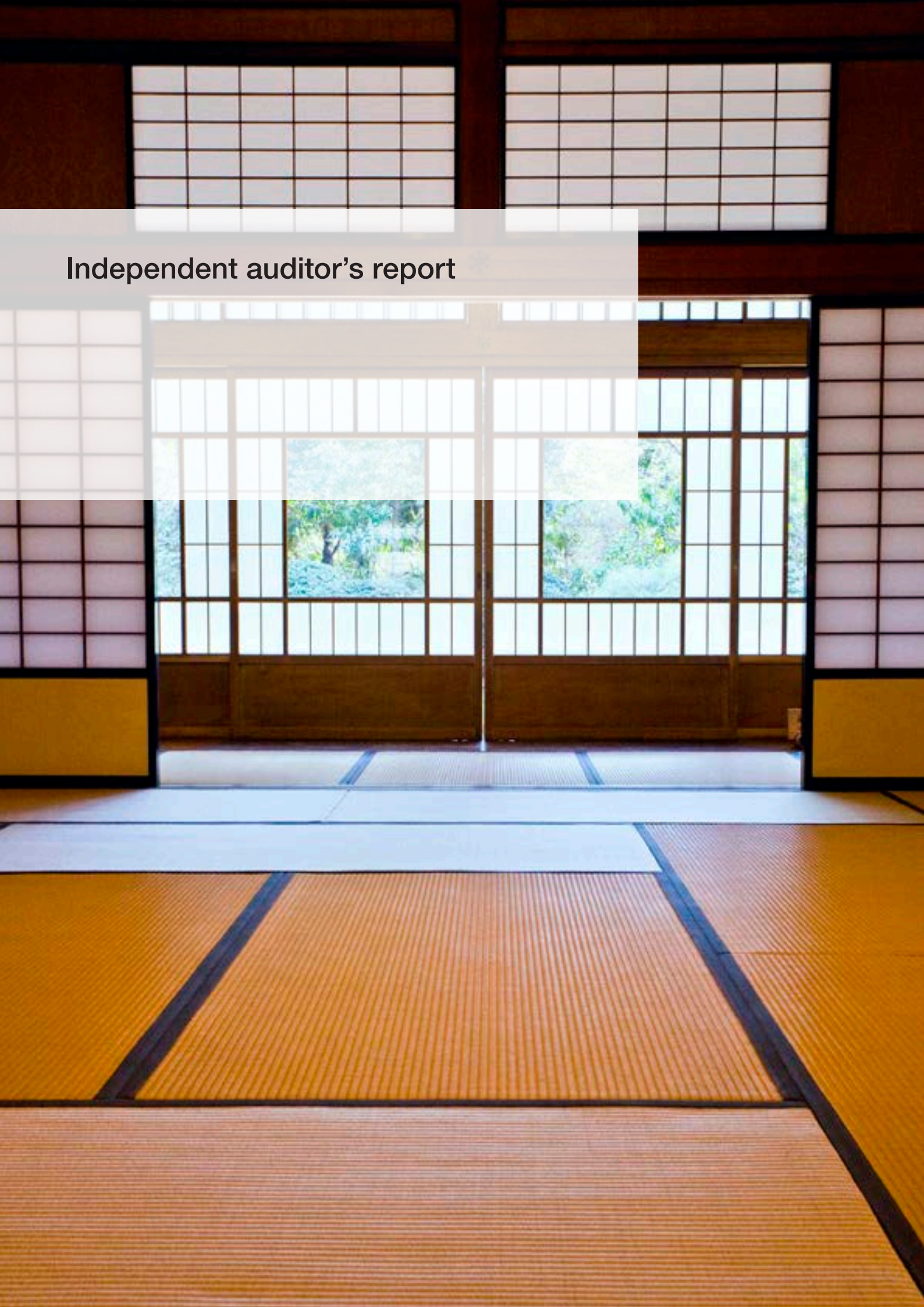
Chairman of the Board of Directors
Nomura Bank (Luxembourg) S.A.



Katsuya IMANISHI

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

Independent auditor's report



Independent auditor's report

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

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 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 March 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the 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 (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

We have determined that there are no key audit matters to communicate in our report.

Other Matter

The financial statements of the Bank as at and for the year ended 31 March 2024 were audited by another auditor who expressed an unmodified opinion on those Financial statements on 18 June 2024.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the financial statements and our report of the “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 Accounting Standards 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 the EU Regulation N° 537/2014, the Law of 23 July 2016 and with 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 the 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 the 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.

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 shareholders on 3 July 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The management report 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 the EU Regulation N° 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

KPMG Audit S. à r. l.

Cabinet de révision agréé



Pia Schanz, Partner

Luxembourg, 18 June 2025



The background of the slide features a night-time photograph of the Tokyo skyline, with the Tokyo Tower prominently lit in red and white on the right side. Overlaid on this image are several semi-transparent financial charts. These include candlestick charts at the top and bottom, and line graphs with markers in the center. Specific data points from these charts are highlighted with text labels: '397 +2.14%', '992 +6.39%', '183 +5.10%', '206 +4.97%', and '178 +3.28%'. A semi-transparent grey box in the upper left quadrant contains the main title and subtitle.

Statement of financial position

As at 31 March 2025
(expressed in EUR)

Assets

	Notes	31 March 2025	31 March 2024
Cash, cash balances at central banks and other demand deposits	4, 29, 30	1,379,453,642	1,400,714,784
Derivatives held for trading	5, 29, 30, 33	128,735,907	247,170,873
Financial assets at fair value through profit or loss	6, 29, 30	869,526,704	461,688,589
Debt instruments		869,526,704	461,688,589
Financial assets at amortized cost	8, 29, 30, 33	2,533,029,045	1,798,854,544
Loans and advances to credit institutions		2,329,651,322	1,596,890,667
Loans and advances to customers		203,377,723	201,963,877
Financial assets at fair value through other comprehensive income	7, 29, 30, 33	27,985,827	18,381,752
Equity instruments		27,985,827	18,381,752
Other assets	10, 29	22,590,444	16,283,556
Tangible assets	9, 29	6,760,832	8,708,408
Intangible assets	9, 29	1,284,775	2,576,741
Tax assets	13, 29	13,378,424	5,678,154
Current tax assets		12,145,932	4,955,057
Deferred tax assets		1,232,492	723,097
Total assets		4,982,745,600	3,960,057,401

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

Liabilities and shareholders' equity

<i>Liabilities</i>	<i>Notes</i>	<i>31 March 2025</i>	<i>31 March 2024</i>
Derivatives held for trading	11, 29, 30, 33	126,222,854	243,094,237
Financial liabilities at amortized cost	12, 29, 30, 33	4,425,489,086	3,298,062,082
Amounts due to credit institutions		20,180,837	36,258,241
Amounts due to customers		4,395,395,658	3,243,799,735
Other financial liabilities		9,912,591	18,004,106
Other liabilities and Provisions	14, 29	12,226,054	13,347,851
Other liabilities		5,473,666	30,323,803
Provisions		6,752,388	2,591,701
Tax liabilities	13, 29	26,968,557	32,915,504
Current tax liabilities		23,683,534	30,323,803
Deferred tax liabilities		3,285,023	2,591,701
Total liabilities		4,590,906,551	3,587,419,675
<i>Shareholders' equity</i>			
Issued capital	15	28,000,000	28,000,000
Reserves (including Retained earnings)	16	296,606,261	296,549,942
Accumulated other comprehensive income		25,348,363	15,958,949
Profit for the year		41,884,425	32,128,836
Total shareholders' equity		391,839,049	372,637,727
Total liabilities and shareholders' equity		4,982,745,600	3,960,057,401

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

Income statement

For the year ended 31 March 2025
(expressed in EUR)



	Notes	31 March 2025	31 March 2024
Net interest income	18, 19, 33	32,709,417	30,690,512
Interest and similar income		144,077,190	128,048,664
Of financial assets at fair value through P&L		16,499,902	17,913,942
Of financial assets at amortized cost		127,226,840	109,770,637
Other Interest income		350,448	364,085
Interest and similar expenses		(111,367,773)	(97,358,152)
Of financial assets at fair value through P&L		(111,283,450)	(96,183,414)
Of financial assets at amortized cost		(84,323)	(1,174,738)
Net fee and commission income	20, 33	57,587,149	53,853,647
Of financial liabilities at amortized cost		60,004,870	55,631,337
Other Interests expenses		(2,417,721)	(1,777,690)
Net (un)realized gains on financial assets and liabilities held for trading	21	22,187,617	16,030,866
Net (un)realized gains/(losses) on non-trading financial assets mandatorily at fair value through profit or loss	22	56,715	48,740
Net foreign exchange differences	23	(460,869)	(356,344)
Net other operating income/(expenses)		178,336	28,525
Other operating income		181,795	59,847
Other operating expenses		(3,459)	(31,322)
Administrative expenses	24, 26, 27, 28, 32, 34	(52,734,696)	(52,469,317)
Depreciation and amortization	9, 25	(4,645,435)	(5,006,285)
Tangible assets		(2,826,862)	(2,930,289)
Intangible assets		(1,818,573)	(2,075,995)
(Allowance for) / Write-back of impairment on financial assets	29	6,586	(7,805)
Profit before tax		54,771,390	42,812,540
Income tax	13	(12,886,965)	(10,683,704)
Profit for the year		41,884,425	32,128,836

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

An aerial night photograph of a city, likely Tokyo, featuring a wide river (Arakawa River) and a prominent elevated highway with long-exposure light trails from vehicles. The city is densely packed with illuminated buildings, and a bridge is visible in the distance. The scene is captured from a high angle, showing the urban layout and the flow of traffic.

Statement of comprehensive income

For the year ended 31 March 2025
(expressed in EUR)

	31 March 2025	31 March 2024
Profit for the year	41,884,425	32,128,836
Other comprehensive income		
Items that will not be reclassified to Profit and Loss		
Net unrealized gains on financial assets at fair value through OCI – Equity instruments	9,604,075	390,968
Deferred tax relating to the above item	(214,662)	61,624
Other comprehensive income for the year, net of tax	452,592	452,592
Deferred tax relating to CIT rate change	43,485	-
Total comprehensive income for the year, net of tax	51,317,323	32,581,428

Return on Assets (ROA) as of 31 March 2025 amounts to 0.84% (31 March 2024: 0.82%)

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



Statement of changes in equity

For the year ended 31 March 2025
(expressed in EUR)

	Balance at 31-Mar-24	Allocation of prior year's profit	Net transfers from/to reserves (note 16)	Dividends distribution (3)	Total comprehensive income	Balance at 31-Mar-25
Issued capital	28,000,000	---	---	---	---	28,000,000
Retained earnings	235,448,268	32,128,836	4,465,000	(32,116,000)	43,485	239,969,588
IFRS First Time Adoption (FTA) Reserve *	3,201,673	---	---	---	---	3,201,673
Reserves:	57,900,000	---	(4,465,000)	---	---	53,435,000
a) Legal reserve (1) *	2,800,000	---	---	---	---	2,800,000
b) Special reserves (2) *	55,100,000	---	(4,465,000)	---	---	50,635,000
Accumulated Other Comprehensive Income*	15,958,950	---	---	---	9,389,413	25,348,363
Profit for the year	32,128,836	(32,128,836)	---	---	41,884,425	41,884,425
Shareholders' equity	372,637,727	---	---	(32,116,000)	51,317,323	391,839,049

(*) Unavailable reserves for distribution

(1) Legal reserve in accordance with Luxembourg law (see Note 16)

(2) Reserves linked to reduction of Net Wealth Tax charge subject to conditions (see Note 16)

(3) Dividend per share: EUR 11,470

	Balance at 31-Mar-23	Allocation of prior year's profit	Net transfers from/to reserves (note 16)	Dividends distribution (3)	Total comprehensive income	Balance at 31-Mar-24
Issued capital	28,000,000	---	---	---	---	28,000,000
Retained earnings	231,843,191	30,995,077	3,550,000	(30,940,000)	---	235,448,268
IFRS First Time Adoption (FTA) Reserve *	3,201,673	---	---	---	---	3,201,673
Reserves:	61,450,000	---	(3,550,000)	---	---	57,900,000
a) Legal reserve (1) *	2,800,000	---	---	---	---	2,800,000
b) Special reserves (2) *	58,650,000	---	(3,550,000)	---	---	55,100,000
Accumulated Other Comprehensive Income *	15,506,358	---	---	---	452,592	15,958,950
Profit for the year	30,995,077	(30,995,077)	---	---	32,128,836	32,128,836
Shareholders' equity	370,996,299	---	---	(30,940,000)	32,581,428	372,637,727

(*) Unavailable reserves for distribution

(1) Legal reserve in accordance with Luxembourg law (see Note 16)

(2) Reserves linked to reduction of Net Wealth Tax charge subject to conditions (see Note 16)

(3) Dividend per share: EUR EUR 11,050

The background of the entire page is an abstract digital-themed image. It features a dark blue background with out-of-focus bokeh lights in shades of orange, yellow, and light blue. Overlaid on this are patterns of binary code (0s and 1s) in a light blue, pixelated font, some of which are slightly blurred to create a sense of depth and motion.

Statement of cash flows

For the year ended 31 March 2025
(expressed in EUR)

	31 March 2025	31 March 2024
Profit before tax	54,771,390	42,812,540
Adjustments:		
Depreciation/Amortization of tangible and intangible assets (Note 27)	4,645,435	5,006,286
Change in FX in derivatives held for trading	(22,187,617)	(16,030,866)
Change in FX of investments at FVTPL	56,715	(48,740)
Interest on lease (Note 19)	194,254	264,241
Cash flows from operating profits before changes in operating assets and liabilities	37,480,177	32,003,461
Net (increase)/decrease in derivatives held for trading	23,751,200	12,265,313
Net (increase)/decrease in loans and advances to credit institutions *	(453,359,114)	186,282,320
Net (increase)/decrease in loans and advances to customers	(1,413,846)	(153,805,390)
Net (increase)/decrease in financial assets at FVTPL	(407,894,830)	425,126,889
Net (increase)/decrease in current tax assets	(7,190,875)	1,131,211
Net (increase)/decrease in deferred tax assets	(509,396)	(690,366)
Net (increase)/decrease in other assets	(6,306,887)	(511,724)
Net increase/(decrease) in amounts due to credit institutions	(16,077,404)	(148,792,646)
Net increase/(decrease) in amounts due to customers	1,151,595,923	(5,975,082)
Net increase/(decrease) in other financial liabilities	(6,148,435)	5,462,761
Net increase/(decrease) in current tax liabilities	(19,527,234)	(45,430)
Net increase/(decrease) in deferred tax liabilities	522,144	729,539
Net increase/(decrease) in other liabilities	(1,194,605)	(59,981)
Net increase/(decrease) in provisions	72,808	(381,027)
Net cash flows from operating activities	293,799,627	352,211,366
Net increase/(decrease) of tangible assets (Note 9)	(879,287)	(2,633,757)
Net increase/(decrease) of intangible assets (Note 9)	(526,606)	(227,213)
Net cash flows used in investing activities	(1,405,893)	(2,860,970)
Dividend distribution**	(32,116,000)	(30,940,000)
Lease payment	(2,137,334)	(932,741)
Net cash flows used in financing activities	(34,253,334)	(31,872,741)
Net increase in cash and cash equivalents	258,140,400	317,477,655
Cash and cash equivalents at the beginning of the year	2,838,066,500	2,520,588,845
Cash and cash equivalents at the end of the year	3,096,206,900	2,838,066,500
<i>of which: not available</i>	<i>40,198,079</i>	<i>34,371,627</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 2025	31 March 2024
Cash, cash balances at central banks and other demand deposits (Note 4)	1,379,453,642	1,400,714,784
Loans and advances to credit institutions	1,716,753,258	1,437,351,716
repayable with less or three months maturity from the date of acquisition	1,716,753,258	1,437,351,716
Cash and cash equivalents	3,096,206,900	2,838,066,500

* Excluding amounts of loans and advances to credit institutions which are part of cash and cash equivalent disclosed here below.

** The Bank has elected dividend payment as Financing Activity.

Notes to the Financial Statements

As of 31 March 2025

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 18 June 2025.

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 - MATERIAL 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 and financial assets 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 as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union (hereinafter referred to as “IFRS Accounting Standards”).

The preparation of Financial Statements in accordance with IFRS Accounting Standards 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 - MATERIAL 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 Accounting Standards 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 Accounting Standards effective as of 1 April 2024 (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 April 2024, effective from 1 January 2024

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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 Accounting Standards and IFRIC interpretations were issued with an effective date for financial periods beginning on or after 1 April 2025. 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 2026.

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

IFRS and IFRIC texts issued during previous periods and endorsed by the European Union as at 1 April 2025

- Annual Improvements to IFRS Accounting Standards – Volume 11
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

IFRS and IFRIC texts issued during previous periods and not endorsed by the European Union as at 1 April 2025

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

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 2025 and 2024 are as follows:

	31 March 2025	31 March 2024
EUR/USD	1.083	1.078
EUR/JPY	161.410	163.096

(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.

(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.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

(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:

- 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.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

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.

(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”).

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

(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 30.

(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.

(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.

IFRS 9 states that "regardless of the way in which an entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due." (IFRS 9: 5.5.11). In other words, the Standard introduces backstop indicators, by which instruments which are more than 30 days past due or have been granted forbearance are generally regarded as having significantly increased in credit risk.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

NBL has decided to adopt this presumption as one of its staging criteria: any financial instrument that encounters 30 days past due on its contractual payments is considered to face significant credit risk increase and is classified under Stage 2. When past due exceeds 90 days, the instrument is considered non-performing and is classified under Stage 3, in line with treatment applicable in the CRR / CRD IV prudential framework.

Forward looking multiple economic scenarios are incorporated into the PDs for ECL model in order to meet IFRS 9 requirement. These scenarios consist of four types of scenarios: base, upside, moderate-downside, sever-downside).

Credit-impaired instruments individually assessed for impairment are typically written-off when further cash flows are deemed uncollectible and all commercially reasonable means of recovery are exhausted. Write-offs are initially recognized against any existing ECL allowance and are considered (partial) derecognition of the instrument. Any cash recovery on previously written off instruments are recognized in Write-back of impairment on financial assets.

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

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

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 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.

The Bank has no offsetting of financial instruments applied as on reporting 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 and is recognized over time:

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

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.

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.

The depreciation method, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

(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;
- 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.

The amortization method, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(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.

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

(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.

(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

NOTE 2 - MATERIAL ACCOUNTING POLICIES (continued)

- 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 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 - MATERIAL 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.

NOTE 3 - MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(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.

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.

NOTE 3 - MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(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 2025	31 March 2024
Cash balances at central banks	1,140,900,000	1,007,408,103
Other demand deposits	238,553,642	393,306,681
Total	1,379,453,642	1,400,714,784

Credit institutions established in Luxembourg are required to hold minimum reserves with the Luxembourg Central Bank. 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. Expected Credit Losses (ECLs) provision on cash is detailed in Note 29.

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 2025 Unlisted	31 March 2024 Unlisted
Derivatives on foreign exchange rates	128,735,907	247,170,873
Total	128,735,907	247,170,873

Type of derivatives / Underlying items	Foreign Exchanges		Total - 31 March 2025	
	Notional amount	Fair value	Notional amount	Fair value
Unlisted financial derivatives	24,949,142,962	128,735,907	24,949,142,962	128,735,907
Total	24,949,142,962	128,735,907	24,949,142,962	128,735,907

Type of derivatives / Underlying items	Foreign Exchanges		Total - 31 March 2024	
	Notional amount	Fair value	Notional amount	Fair value
Unlisted financial derivatives	26,067,585,696	247,170,873	26,067,585,696	247,170,873
Total	26,067,585,696	247,170,873	26,067,585,696	247,170,873

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

Debt instruments

They are composed of:

	31 March 2025	31 March 2024
Listed financial assets	869,526,704	461,688,589
Total	869,526,704	461,688,589

As of 31 March 2025, listed debt instruments are composed of Japanese highly liquid corporate and government bonds with maturity of less than 6 months.

	31 March 2025	31 March 2024
Japan	869,526,704	461,688,589
Total	869,526,704	461,688,589

As of 31 March 2025, and 2024, the composition of listed debt instruments by counterparty type is the following:

	31 March 2025	31 March 2024
Public bodies	869,526,704	461,688,589
Other entities	---	---
Total	869,526,704	461,688,589

Collateral posted

As of 31 March 2025, the Bank has pledged debt securities which have a total fair value of EUR 869,526,704 (2024: EUR 461,688,588) of which EUR 368,836,357 (2024: EUR 272,953,154) was 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 2025	31 March 2024
Unlisted equity investments		
Opening Balance	18,381,752	17,990,784
Movement	9,604,075	390,968
Closing Balance	27,985,827	18,381,752

As of 31 March 2024 and 2023, 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 and principal place of business:	33, rue de Gasperich L-5826 Hesperange
Proportion of the capital held:	100%
Amount of capital and reserves as of 31.03.2025:	EUR 10,926,529
Unaudited Profit for the year ended 31.03.2025:	EUR 820,324
Amount of capital and reserves as of 31.03.2024:	EUR 10,349,907
Profit for the year ended 31.03.2024:	EUR 576,622

Name:	Global Funds Trust Company
Registered office and principal place of business:	c/o Maples & Calder P.O. Box 309, Ugland House George Town, Grand Cayman KY1-1104 Cayman Islands
Proportion of the capital held:	100%
Amount of capital and reserves as of 31.03.2025:	EUR 4,694,473
Profit for the year ended 31.03.2025:	EUR 441,935
Amount of capital and reserves as of 31.03.2024:	EUR 4,373,425
Unaudited Profit for the year ended 31.03.2024:	EUR 321,048

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 2025	31 March 2024
Loans and advances to:		
- Credit institutions	2,329,651,322	1,596,890,667
- Other financial corporations	202,470,946	201,046,017
- Households	906,777	917,860
Total	2,533,029,045	1,798,854,544

As of 31 March 2025, in accordance with IFRS 9, the Bank has recorded an ECL on its financial assets at amortized cost for an amount of EUR 11,671 (2024: EUR 16,198).

ECL detail is disclosed in Note 29.

Credit institutions - breakdown:

	31 March 2025	31 March 2024
Reverse repurchase agreements	648,704,850	317,581,595
Other term loans	1,679,328,216	1,277,258,076
Advances that are not loans	1,618,256	2,050,996
Total	2,329,651,322	1,596,890,667

Other financial corporations - breakdown:

	31 March 2025	31 March 2024
Reverse repurchase agreements	198,525,786	191,063,400
Other term loans	41,611	363,404
Advances that are not loans	3,903,549	9,619,213
Total	202,470,946	201,046,017

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 12).

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 2025	31 March 2024
Credit cards, personal loans and loans guaranteed by payrolls	906,777	917,860
Total	906,777	917,860

The granted credit cards, personal loans and loans guaranteed by payrolls are limited to employees 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 current 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	Accumulated depreciation and amortization at the end of the financial year	Net carrying value as of 31 March 2025	Net carrying value as of 31 March 2024
Tangible assets	33,692,256	879,286	34,571,542	(24,983,848)	(27,810,710)	6,760,832	8,708,408
<u>of which:</u>							
Computer hardware	15,947,631	519,199	16,466,830	(13,135,413)	(13,968,537))	2,498,293	8,708,408
Office furniture, fixtures, fittings and equipment	5,038,334	92,787	5,131,121	(4,833,762)	(4,897,915)	233,206	204,572
Right of use assets on buildings ⁽¹⁾	12,706,291	267,300	12,973,591	(7,014,673)	(8,944,258))	4,029,333	5,691,618
Intangible assets	47,325,564	526,607	47,852,171	(44,748,824)	(46,587,396))	1,284,775	2,576,741
<u>of which:</u>							
Computer softwares and licences	47,325,564	526,607	47,852,171	(44,748,824))	(46,567,396))	1,284,775	2,576,741

⁽¹⁾ This caption represents right-of-use of assets in relation to operational lease of the Bank's office.

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

The following table presents the movements in tangible and intangible assets during last 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	Accumulated depreciation and amortization at the end of the financial year	Net carrying value as of 31 March 2024	Net carrying value as of 31 March 2023
Tangible assets	31,058,499	2,633,757	33,692,256	(22,053,558)	(24,983,848)	8,708,408	9,004,941
of which:							
Computer hardware	14,316,163	1,631,468	15,947,631	(12,304,084)	(13,135,413)	2,812,218	2,012,079
Office furniture, fixtures, fittings and equipment	4,957,620	80,714	5,038,334	(4,773,659)	(4,833,762)	204,572	183,961
Right of use assets on buildings ⁽¹⁾	11,784,716	921,575	12,706,291	(4,975,814)	(7,014,673)	5,691,618	6,808,902
Intangible assets	47,098,352	227,213	47,325,564	(42,672,828)	(44,748,824)	2,576,741	4,425,524
of which:							
Computer softwares and licences	47,098,352	227,213	47,325,564	(42,672,828)	(44,748,824)	2,576,741	4,425,524

⁽¹⁾ This caption represents right-of-use of assets in relation to operational lease of the Bank's office.

NOTE 10 - OTHER ASSETS (IN EUR)

	31 March 2025	31 March 2024
Commissions receivable	11,440,623	10,504,378
Prepaid expenses	3,896,702	3,146,380
Other items	7,253,119	2,632,798
Total	22,590,444	16,283,556

Commissions receivable refers 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 33).

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

Derivatives held for trading - Liabilities are composed of 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 2025 Unlisted	31 March 2024 Unlisted
Derivatives on foreign exchange rates	126,222,854	243,094,237
Total	126,222,854	243,094,237

Type of derivatives / Underlying items	Foreign Exchanges		Total - 31 March 2025	
	Notional amount	Fair value	Notional amount	Fair value
Unlisted financial derivatives	24,949,142,962	126,222,854	24,949,142,962	126,222,854
Total	24,949,142,962	126,222,854	24,949,142,962	126,222,854

Type of derivatives / Underlying items	Foreign currency		Total - 31 March 2025	
	Notional amount	Fair value	Notional amount	Fair value
Unlisted financial derivatives	26,067,585,696	243,094,237	26,067,585,696	243,094,237
Total	26,067,585,696	243,094,237	26,067,585,696	243,094,237

NOTE 12 - FINANCIAL LIABILITIES AT AMORTIZED COST (IN EUR)

Amounts due to credit institutions

As of 31 March 2025 and 2024, they are composed of:

	31 March 2025	31 March 2024
Overdraft	1,498,912	13,943,243
Collaterals	3,913,605	1,401,392
Deposits	14,768,320	20,913,606
Total	20,180,837	36,258,241

Amounts due to customers

NOTE 12 - FINANCIAL LIABILITIES AT AMORTIZED COST (IN EUR) (continued)

As of 31 March 2025 and 2024, they are composed of:

	31 March 2025	31 March 2024
Current accounts	3,819,843,425	2,775,293,269
Term deposits	575,552,233	468,506,466
Total	4,395,395,658	3,243,799,735

Other financial liabilities

As of 31 March 2025, and 2024 they are composed of:

	31 March 2025	31 March 2024
Other financial liabilities	9,912,591	18,004,106
<i>of which lease liabilities*</i>		
Opening Balance	6,333,845	7,530,827
Movement	(1,943,080)	(1,196,982)
Closing Balance	4,390,765	6,333,845
Total	9,912,591	18,004,106

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, as well as leasing contract for Trusted Resilience and Datacentre Services, which started on 1 April 2024 and ends on 31 March 2027.

NOTE 13 - 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 2025 and 2024 are as follows:

	31 March 2025	31 March 2024
Current tax assets	12,145,932	4,955,057
Deferred tax assets	1,232,492	723,097
- due to temporary deductible differences (arisen from unrealized losses)	1,232,492	723,097
Total tax assets	13,378,424	5,678,154
Current tax liabilities	23,683,534	30,323,803
Deferred tax liabilities	3,285,023	2,591,701
- due to temporary taxable differences (arisen from unrealized gains)	3,285,023	2,591,701
Total tax liabilities	26,968,557	32,915,504

Income tax	31 March 2025	31 March 2024
Current taxes	12,874,216	10,644,531
related to the fiscal year	13,004,134	10,638,274
related to previous years	(129,918)	6,257
Deferred taxes	12,749	39,173
related to the fiscal year	12,749	39,173
Total	12,886,965	10,683,704

The reconciliation between the tax expense/income and the accounting profit multiplied by Luxembourg tax rate for the years ended 31 March 2025 and 2024 is as follows:

	31 March 2025	31 March 2024
Profit before tax	54,771,390	42,812,540
Theoretical tax expense/income (23.87% rate)	13,073,931	10,677,447
+/- adjustments linked to:		
non-deductible expenses	(18,351)	(19,957)
tax prior year reimbursed	129,918	(6,257)
Deferred tax	(12,749)	(39,173)
Other	(285,784)	59,130
Total	12,886,965	10,683,704

NOTE 13 - TAX EXPENSE/INCOME, TAX ASSETS AND TAX LIABILITIES (IN EUR) (continued)

Pillar II

Nomura Bank (Luxembourg) S.A. is part of a Japanese group that falls within the scope of the OECD/EU Pillar 2 rules incorporating the principle of establishing a global minimum corporate income tax rate of 15% on the profits by country of multinational groups with annual revenues exceeding EUR 750 million. Pillar II legislation was enacted in Luxembourg, the jurisdiction where the Bank is incorporated, and has come into effect for fiscal years starting on or after 31 December 2023. Under this legislation, the Bank is liable to pay a top-up tax for the difference between its Pillar II effective tax rate ("ETR") per jurisdiction and the 15% minimum tax rate. The Pillar Two legislation also includes transitional safe harbor rules designed to minimize the compliance burden associated with undertaking the full GloBE ETR calculation for the first three fiscal years. In this context, an impact assessment based on the latest historic country-by-country reporting data has concluded that the Luxembourg entities of the Group, including the Bank, are not expected to incur additional taxes in accordance with BEPS Pillar II.

NOTE 14 - OTHER LIABILITIES AND PROVISIONS (IN EUR)

a) Other liabilities

	31 March 2025	31 March 2024
Deferred income	5,208,198	5,818,695
Other	265,468	849,576
Total	5,473,666	6,668,271

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).

b) Provisions

	31 March 2025	31 March 2024
Payroll-related	4,925,638	4,077,350
Other	1,826,750	2,602,230
Total	6,752,388	6,679,580

The provision amount of EUR 6,752,388 has been classified from other liabilities to provision. The comparative amount also has been reclassified accordingly to ensure comparability with current year amount.

NOTE 15 - ISSUED CAPITAL (IN EUR)

As of 31 March 2025 and 2024, 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 16 - 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 2024:

Profit for the year ended 31 March 2024	32,128,836
Distribution of dividend	(32,116,000)
Release of the NWT reserve 2019	13,500,000
Allocation to the NWT reserve 2024	(9,035,000)
Allocation to retained earnings	4,477,836

NOTE 17 - ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

As of 31 March 2025, the aggregate amount of the Bank's assets denominated in currencies other than EUR, translated into EUR, amounts to EUR 3,762,911,892 (2024: EUR 2,896,740,203).

As of 31 March 2025, the aggregate amount of the Bank's liabilities denominated in currencies other than EUR, translated into EUR, amounts to EUR 4,144,912,380 (2024: EUR 3,230,064,577).

NOTE 18 - INTEREST AND SIMILAR INCOME (IN EUR)

	31 March 2025	31 March 2024
Of financial assets at fair value through P&L	16,499,902	17,913,942
Of financial assets at amortized cost	127,226,840	109,770,637
Of Interest income (negative interest)	350,448	364,085
Total	144,077,190	128,048,664

NOTE 19 - INTEREST AND SIMILAR EXPENSES (IN EUR)

	31 March 2025	31 March 2024
Of financial liabilities at fair value through P&L	(84,323)	(1,174,738)
Of financial liabilities at amortized cost	(111,089,196)	(95,919,173)
Interest on lease liabilities	(194,254)	(264,241)
Total	(111,367,773)	(97,358,152)

NOTE 20 - NET FEE AND COMMISSION INCOME (IN EUR)

	31 March 2025	31 March 2024
Administration fees	26,620,769	22,872,535
Custody fees	16,060,105	13,233,429
Other fees	17,323,996	19,525,373
Total fee and commission income	60,004,870	55,631,337
Total fee and commission expenses	(2,417,721)	(1,777,690)
Net fee and commission income	57,587,149	53,853,647

NOTE 21 - NET (UN)REALIZED GAINS ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (IN EUR)

For the years ended 31 March 2025 and 2024, this caption includes the realized and unrealized gains and losses on derivative financial instruments held for trading.

	31 March 2025	31 March 2024
Derivatives on interest rates	98,680	119,291
Derivatives on foreign exchange rates	22,088,937	15,911,575
Total	22,187,617	16,030,866

NOTE 22 - NET (UN)REALIZED GAINS/(LOSSES) ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS (IN EUR)

	31 March 2025	31 March 2024
Debt securities	(56,715)	48,740
Total	(56,715)	48,740

NOTE 23 - NET FOREIGN EXCHANGE DIFFERENCES (IN EUR)

	31 March 2025	31 March 2024
Spot exchange on derivatives and other financial instruments		
Gains	291,564,360	318,951,245
Losses	(292,025,229)	(319,307,589)
Total	(460,869)	(356,344)

NOTE 24 - ADMINISTRATIVE EXPENSES (IN EUR)

	31 March 2025	31 March 2024
Wages and salaries		
- Wages and salaries	29,258,731	28,035,250
- Social contributions	2,640,686	2,439,435
- Other expenses	656,251	729,747
- Defined contributions plan	931,501	1,450,197
Total wages and salaries	33,487,169	32,654,629
Other administrative expenses		
- Advisory and audit fees ⁽¹⁾	1,276,880	1,213,774
- Legal fees	67,395	124,962
- Maintenance, repairs and refurbishment	63,267	28,322
- Rents and leases	328,861	222,698
- Service providers	128,266	141,844
- <i>Couriers</i>	17,146	19,742
- <i>Telephone and web services</i>	111,120	122,102
- Agency and travel expenses	186,832	200,865
- Membership subscription	426,391	3,373,210
- IT costs	10,412,750	8,477,556
- Pricing and other services	5,018,982	4,710,540
- Building-related	528,454	546,143
- Staff training	154,194	131,923
- Recruitment fees	75,132	151,407
- Other	580,123	491,444
Total other administrative expenses	19,247,527	19,814,688
Total administrative expenses	52,734,696	52,469,317

⁽¹⁾ Refer to Note 28 for the detail of the fees paid to the Réviseur d'entreprises agréé.

NOTE 25 - DEPRECIATION AND AMORTIZATION (IN EUR)

For the years ended 31 March 2025 and 2024, depreciation and amortization are as follow:

31 March 2025	Depreciation	Amortization	Total
Tangible assets	2,826,862	---	2,826,862
of which:			
Owned assets	897,277	---	897,277
Right-of-Use assets	1,929,585	---	1,929,585
Intangible assets	---	1,818,573	1,818,573
Total	2,826,862	1,818,573	4,645,435

31 March 2024	Depreciation	Amortization	Total
Tangible assets	2,930,289	---	2,930,289
of which:			
Owned assets	891,431	---	891,431
Right-of-Use assets	2,038,858	---	2,038,858
Intangible assets	---	2,075,995	2,075,995
Total	2,930,289	2,075,995	5,006,285

NOTE 26 - GUARANTEES, CONTINGENT LIABILITIES AND COMMITMENTS (IN EUR)

As of 31 March 2025 and 2024, the Bank's guarantees and commitments may be analyzed as follows:

	31 March 2025	31 March 2024
Financial guarantees given	77,440	83,940
Loan Commitment	60,000,000	---
Total	60,077,440	83,940

As of 31 March 2025 and 2024, guarantees given are composed of guarantees given on behalf of some of the Bank's employees to third parties for an amount of EUR 77,440 (2024: EUR 83,940), and loan commitment of EUR 60,000,000 (2024: nil) provided to Other Financial Corporation as a bridge loan.

NOTE 26 - 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 2025 in that respect is nil, while the contribution paid prior year was included under “Administrative expenses”

(31 March 2024: EUR 2,615,200).

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 2025 as the Bank had no covered deposits.

NOTE 27 - STAFF

For the years ended 31 March 2025 and 2024, the average number of Bank's staff is as follows:

	31 March 2025	31 March 2024
Management – Senior	4	4
Management – Middle	42	43
Other staff	266	257
Total	312	303

As of 31 March 2025 and 2024, the Bank has granted the following credits and guarantees to members of its managerial bodies.

	31 March 2025	31 March 2024
Loans	60,000	60,000
Guarantees	20,000	20,000
Total	80,000	80,000

NOTE 28 - FEES PAID TO THE RÉVISEUR D'ENTREPRISES AGRÉÉ (IN EUR)

For the years ended 31 March 2025 and 2024, the fees paid to the Réviseur d'entreprises agréé are split as follows (excluding VAT and administrative charge):

	31 March 2025	31 March 2024
Statutory audit of the financial statements	215,000	173,164
Other assurance services (ISAE)	100,000	109,133
Other audit-related	27,000	---
Total	342,000	282,297

For the years ended 31 March 2025 and 2024, "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 29 - RISK MANAGEMENT (IN EUR)

In the Note 29, 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 (Control Functions), 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 29 - 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 29 - RISK MANAGEMENT (IN EUR) (continued)

■ Risk Management Department (“RMD”)

Risk Management department covers the following activities as Second of Line Defence.

- 1) Financial Risk, covering market risk, credit risk, liquidity risk and other financial risks;
- 2) Non-Financial Risks, in charge of the following risks and tasks:
 - a. Operational Risk, covering operational risk events, Risk Control Self-Assessment (“RCSA”), Key Risk Indicators (“KRI”) and Scenario analysis.
 - b. Outsourcing process.
 - c. New Product Approval Committee (“NPAC”)
 - d. Climate and Environmental Risks (“CERs”).

(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. The latest is included in the measurement of the Interest Rate Risk of the Banking Book (“IRRBB”).

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

Foreign exchange rates risk is the risk of loss arising from movements in the foreign 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.

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

- 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.

(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 Net Interest Income of the Bank (NII) 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 NII. In the case of the EVE sensitivity is analysis under 8 scenarios regulatory and internal scenarios:

Scenario
-200bps
+200bps
Parallel Shock up
Parallel Shock down
Steepener
Flattener
Short Up
Short Down

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.

Following the updated EBA Guidelines, a Credit Spread Risk on the Banking Book ("CSRBB") has been added on-top of the stress testing on interest rate, the changes of the "market credit spread" or "market price of credit risk" representing the credit risk premium required by market participants for a given credit quality.

A decision tree has been followed, which is proposed by the European Banking Federation, to determine which elements from the non-trading book should be considered as sensitive to Credit-Spread Risk. These elements are: the portfolio of bonds and the FX swaps used by the Treasury.

The results of the NII analysis indicate an impact of EUR 9.65 million (3.01% of Tier I) for the Parallel Up scenario and EUR -9.65 million (-3.01% of Tier I) of impact for the Parallel Shock Down scenario.

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

The results of the three worst scenarios for EVE as well as NII results for the current year are as follows:

	Scenario 5 Short Up	Scenario 4 Flattener	Scenario 1 Parallel shock up
EVE Variation	-1,60	-1,27	-1,26
<i>IRRBB Component</i>	-1,55	-1,23	-1,21
<i>CSRBB Component</i>	-0,05	-0,04	-0,05
Capital Impact	-0.50%	-0.40%	-0.39%
		Scenario 1 Parallel Up	Scenario 2 Parallel Down
NII Variation		9,65	-9,65
As % of Own Funds		3.01%	-3.01%

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.

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.

- 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.

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

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**

Counterparty Credit Risk from

Foreign exchange transactions

The Bank enters into foreign exchange transactions with the investment funds under custody and then an opposite foreign exchange is performed with market counterparties (mainly Nomura Group) to eliminate the market risk (as explained above).

These positions generates Counterparty credit risk, as the risk that a counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss would occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default. Unlike a firm's exposure to credit risk through a loan, where the exposure to credit risk is unilateral and only the lending bank faces the risk of loss, CCR creates a bilateral risk of loss: the market value of the transaction can be positive or negative to either counterparty to the transaction. The market value is uncertain and can vary over time with the movement of underlying market factors.

- **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 29 - 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 29 - 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 is 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 2025	Gross exposures	Credit risk mitigation	Residual net exposures
Central Governments or Central Banks	2,010,426,704	---	2,010,426,704
Regional Governments or local authorities	---	---	---
Public Sector Entities	---	---	---
Multilateral Development Banks	---	---	---
Institutions	131,770,625	---	131,770,625
Corporates	258,869,311	---	258,869,311
Retail	984,066	---	984,066
Short-Term Credit Assessment	2,779,670,548	813,503,738	1,966,166,810
Equity Exposures	144,720	---	144,720
Other Items	31,214,882	---	31,214,882
Total	5,213,080,856	813,503,738	4,399,577,117

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

31 March 2024	Gross exposures	Credit risk mitigation	Residual net exposures
Central Governments or Central Banks	1,469,096,692	---	1,469,096,692
Regional Governments or local authorities	---	---	---
Public Sector Entities	---	---	---
Multilateral Development Banks	---	---	---
Institutions	330,284,245	---	330,284,245
Corporates	545,987,470	---	545,987,470
Retail	1,001,800	---	1,001,800
Short-Term Credit Assessment	2,003,197,601	489,968,448	1,513,229,153
Equity Exposures	139,680	---	139,680
Other Items	20,760,321	---	20,760,321
Total	4,370,467,810	489,968,448	3,880,499,362

Off-balance sheet exposures

	Exposure 31 March 2025	Exposure 31 March 2024
Guarantees	77,440	83,940
Loan Commitment	60,000,000	---
Total	60,077,440	83,940

NOTE 29 - 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 2025	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	1,140,900,000	869,526,704	---	---	---	---	---	2,010,426,704
Regional Governments or local authorities	---	---	---	---	---	---	---	---
Public Sector Entities	---	---	---	---	---	---	---	---
Multilateral Development Banks	---	---	---	---	---	---	---	---
Institutions	---	23,771,494	17,325	---	107,981,806	---	---	131,770,625
Corporates	---	---	3,098,313	---	255,770,998	---	---	258,869,311
Retail	---	---	---	---	984,066	---	---	984,066
Short-Term Credit Assessment	---	2,026,152,688	300,054,717	---	453,463,143	---	---	2,779,670,548
Equity Exposures	---	---	---	---	144,720	---	---	144,720
Other Items	---	---	---	---	31,214,882	---	---	31,214,882
Grand Total	1,140,900,000	2,919,450,886	303,170,355		849,559,615			5,213,080,856

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

31 March 2024	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	1,007,408,103	461,688,589	---	---	---	---	---	1,469,096,692
Regional Governments or local authorities	---	---	---	---	---	---	---	---
Public Sector Entities	---	---	---	---	---	---	---	---
Multilateral Development Banks	---	---	---	---	---	---	---	---
Institutions	---	21,893,165	---	---	308,391,080	---	---	330,284,246
Corporates	---	---	896,653	---	545,090,818	---	---	545,987,470
Retail	---	---	---	---	1,001,800	---	---	1,001,800
Short-Term Credit Assessment	---	1,779,545,681	1,277,862	---	222,374,058	---	---	2,003,197,601
Equity Exposures	---	---	---	---	139,680	---	---	139,680
Other Items	---	---	---	---	20,760,321	---	---	20,760,321
Grand Total	1,007,408,103	2,263,127,435	2,174,516		1,097,757,757			4,370,467,810

Notes:

Prime quality: AAA

High grade: AA-A

Standard grade: BBB-BB

Sub-standard grade: B and less

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

Geographical allocation of risks

As of 31 March 2025 and 2024, 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 2025	31 March 2024
Belgium	1,868,433	3,158,093
Japan	1,317,470,913	1,152,208,200
China	27,690,591	135,041,250
Canada	46,313,476	49,534,736
Germany	64,470,943	57,006,942
France	546,723,321	343,748,176
United Kingdom	444,403,287	500,647,475
Luxembourg	1,296,630,873	1,073,882,769
The Netherlands	207,345,628	18,564,223
United States	50,058,726	58,158,039
Cayman Islands	185,206,609	378,918,601
Sweden	2,833,980	2,868,393
Switzerland	807,660,055	491,277,949
Australia	108,104,813	---
Spain	46,515,162	55,821,781
Austria	46,167,743	---
Ireland	11,107,835	839,519
South Africa	1,282,780	276,910
Hong Kong	13,173	46,838,613
Other	1,212,515	1,676,141
Total	5,213,080,856	4,370,467,810

NOTE 29 - 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.

NBL places a relevant portion of its liquidity on the market through reverse repurchase agreements. Typically the currency of the collateral matches that of the cash lent. Collateral is restricted to investment grade by the Collateral Management Methodology. Globally, at NBL the largest issuer of collateral received through reverse repo transactions has changed from last year. Japanese government securities (with A+ credit rating) accounted for 29% of the total (FY 2023/24). This year, United States Government Bonds (with AA+ credit rating) accounted for 24.75% of the collateral amount. During the financial year 2024/25, no significant changes in credit quality of the collateral received have been observed.

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

	31 March 2025	31 March 2024
Fair value of cash collateral posted	179,562,503	1,485,117
Fair value of cash collateral received	3,913,605	135,108,026
Fair value of securities collateral posted	---	---
Fair value of securities collateral received from Funds	---	---
Fair value of securities collateral received under Reverse Repurchase transactions	845,224,405	505,944,120

Encumbered assets and unencumbered assets

As of 31 March 2025, 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	241,571,931		4,741,173,669	
Loans on demand	218,079,322		1,161,374,320	
Equity instruments	---	---	27,985,827	27,985,827
Debt securities	23,492,609	23,492,609	846,034,095	846,034,095
Loans and advances other than loans on demand	---		2,533,029,045	
Other assets	---		172,750,382	

NOTE 29 - 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	---	---	---
Debt securities	21,919,830	823,304,574	
Loans and advances other than loans on demand	---	---	---
Other collateral received	79,068,753	---	---
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		126,222,854	79,068,753
Derivatives		126,222,854	79,068,753
Deposits		---	
Debt securities issued		---	
Other sources of encumbrance		707,279,922	263,491,762

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

As of 31 March 2024, 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	271,757,419		3,688,299,983	
Loans on demand	233,616,005		1,167,098,779	
Equity instruments	---	---	18,381,752	18,381,752
Debt securities	38,141,413	38,141,413	423,547,175	423,547,175
Loans and advances other than loans on demand	---		1,798,854,544	
Other assets	---		280,417,732	

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	---	---	---
Debt securities	35,378,405	470,565,716	
Loans and advances other than loans on demand	---	---	---
Other collateral received	73,618,878	---	---
Own debt securities issued other than own covered bonds or ABSs	---	---	---

NOTE 29 - 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	232,637,240	73,618,878
Derivatives	232,637,240	73,618,878
Deposits	---	---
Debt securities issued	---	---
Other sources of encumbrance	725,495,225	307,135,823

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 29 - RISK MANAGEMENT (IN EUR) (continued)

Impairment on financial assets

As of 31 March 2025, the ECL calculated on the financial assets amounts to EUR 11,671 (2024: EUR 18,258). During the year ended 31 March 2025, there were no transfer between Stage 1, Stage 2 and Stage 3.

ECL as at 31 March 2025

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	1,379,453,808	1,379,453,808	---	---	(166)	1,379,453,642
Financial assets at amortized cost	2,533,036,840	2,533,036,840	---	---	(7,795)	2,533,029,045
Loans and advances to credit institutions	2,329,655,180	2,329,655,180	---	---	(3,858)	2,329,651,322
Loans and advances to other financial corporations	202,470,970	202,470,970	---	---	(24)	202,470,946
Loans and advances to households	910,690	910,690	---	---	(3,913)	906,777
Other assets	22,592,298	22,592,298	---	---	(1,854)	22,590,444
Total balance-sheet	3,935,082,946	3,935,082,946	---	---	(9,815)	3,935,073,131
Off balance-sheet exposures	Gross amount before ECL	Stage 1	Stage 2	Stage 3	ECL	Carrying Amount
Financial guarantees given	77,440	77,440	---	---	---	77,440
Loan Commitment	60,000,000	60,000,000	---	---	(1,857)	59,998,143

The loan commitment consists of commitment for credit facilities for funds customers.

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

ECL as at 31 March 2024

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	1,400,715,171	1,400,715,171	---	---	(387)	1,400,714,784
Financial assets at amortised cost	1,798,870,743	1,798,870,743	---	---	(16,199)	1,798,854,544
Loans and advances to credit institutions	1,596,902,639	1,596,902,639	---	---	(11,972)	1,596,890,667
Loans and advances to other financial corporations	201,046,071	201,046,071	---	---	(55)	201,046,017
Loans and advances to households	922,032	922,032	---	---	(4,172)	917,860
Other assets	16,285,228	16,285,228	---	---	(1,672)	16,283,556
Total balance-sheet	3,215,871,142	3,215,871,142	---	---	(18,258)	3,215,852,885
Off balance-sheet exposures	Gross amount before ECL	Stage 1	Stage 2	Stage 3	ECL	Carrying Amount
Financial guarantees given	83,940	83,940	---	---	---	83,940

(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 funds client's deposits as source of funding its investments. Liquidity is coming from the cash under custody from the funds clients, and some intra-group financial entities as current accounts or short term deposits, in unsecured form, mainly on an overnight basis.

NOTE 29 - 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. None of the securities 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 clients (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 29 - 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*

The MCO is run on a daily basis by Risk Management Department.

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 29 - 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 2025	< 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	2,961,864	121,693,216	1,567,774	---	---	---	---	126,222,854
Amounts due to credit institutions	20,180,837	---	---	---	---	---	---	20,180,837
Amounts due to other financial corporations	4,395,395,658	---	---	---	---	---	---	4,395,395,658
Other financial liabilities	9,912,591	---	---	---	---	---	---	9,912,591
Total financial liabilities	4,428,450,950	121,693,216	1,567,774	---	---	---	---	4,551,711,940

31 March 2024	< 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	6,744,916	226,699,973	9,649,348	---	---	---	---	243,094,237
Amounts due to credit institutions	36,258,241	---	---	---	---	---	---	36,258,241
Amounts due to other financial corporations	3,243,799,736	---	---	---	---	---	---	3,243,799,736
Other financial liabilities	18,004,106	---	---	---	---	---	---	18,004,106
Total financial liabilities	3,298,062,082	226,699,973	9,649,348	---	---	---	---	3,298,062,082

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

31 March 2025	< 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	---	---	---	26,490	10,100	40,850	---	---	77,440

31 March 2024	< 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	---	---	---	3,040	46,700	34,200	---	---	83,940

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

(e) Foreign exchange risk by currencies

As of 31 March 2024 and 2025, the assets and liabilities denominated in EUR, in JPY, in USD and in other currencies are as follows:

31 March 2025	EUR	JPY	USD	Other	Total
Cash, cash balances at central banks and other demand deposits	1,143,125,428	5,610,970	226,607,539	4,109,705	1,379,453,642
Derivatives held for trading	13,699,543	12,830,223	94,068,363	8,137,778	128,735,907
Financial assets mandatorily at FVTPL					
Debt securities	---	869,526,704	---	---	869,526,704
Financial assets at fair value through OCI					
Equity instruments	27,985,827	---	---	---	27,985,827
Financial assets at amortized cost					
Loans and advances to credit institutions	1,029,578	105,325,998	2,197,590,545	25,705,201	2,329,651,322
Loans and advances to other financial corporations	175,487	47,166,082	154,987,904	141,473	202,470,946
Loans and advances to households	906,777	---	---	---	906,777
Tangible assets	6,760,832	---	---	---	6,760,832
Intangible assets	1,284,775	---	---	---	1,284,775
Current tax assets	12,145,932	---	---	---	12,145,932
Deferred tax assets	1,232,492	---	---	---	1,232,492
Other assets	11,487,037	3,258,751	7,659,470	185,186	22,590,444
Total assets	1,219,833,708	1,043,718,728	2,680,913,821	38,279,343	4,982,745,600

31 March 2025	EUR	JPY	USD	Other	Total
Derivatives held for trading	13,774,588	11,661,306	92,758,347	8,028,613	126,222,854
Financial liabilities at amortized cost					
Amounts due to credit institutions	1,058,806	---	19,122,031	---	20,180,837
Amounts due to customers	393,118,147	1,275,984,916	2,700,490,481	25,802,114	4,395,395,658
Other financial liabilities	4,589,541	22,100	4,692,704	608,246	9,912,591
Tax liabilities	26,968,557	---	---	---	26,968,557
of which: deferred tax liabilities	3,285,023	---	---	---	3,285,023
Other liabilities	6,484,533	5,502,841	238,680	---	12,226,054
Total liabilities	455,994,172	1,293,171,163	2,817,302,243	34,438,973	4,590,906,551

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

31 March 2024	EUR	JPY	USD	Other	Total
Cash, cash balances at central banks and other demand deposits	1,009,656,392	127,833,413	254,567,030	6,133,659	1,400,714,784
Derivatives held for trading	10,931,524	2,530,423	225,388,832	8,320,094	247,170,873
Financial assets mandatorily at FVTPL Debt securities	---	461,688,589	---	---	461,688,589
Financial assets at fair value through OCI Equity instruments	18,381,752	---	---	---	18,381,752
Financial assets at amortized cost Loans and advances to credit institutions	644,736	19,923,929	1,539,181,292	37,140,710	1,596,890,667
Loans and advances to other financial corporations	91,074	135,691,920	64,229,941	1,033,082	201,046,017
Loans and advances to households	917,860	---	---	---	917,860
Tangible assets	8,708,408	---	---	---	8,708,408
Intangible assets	2,576,741	---	---	---	2,576,741
Deferred tax assets	4,955,057	---	---	---	4,955,057
Other assets	723,097	---	---	---	723,097
Total assets	1,063,317,198	753,484,885	2,090,425,841	52,829,477	3,960,057,401

31 March 2024	EUR	JPY	USD	Other	Total
Derivatives held for trading	10,786,127	1,412,879	222,537,961	8,357,270	243,094,237
Financial liabilities at amortized cost Amounts due to credit institutions	311,469	13,489,014	22,457,757	---	---
Amounts due to customers	300,445,093	846,812,957	2,068,925,838	27,615,847	27,615,847
Other financial liabilities	6,468,021	6,905,248	3,509,564	1,121,273	1,121,273
Tax liabilities	32,915,504	---	---	---	---
of which: deferred tax liabilities	2,591,701	---	---	---	---
Other liabilities	6,428,883	5,971,241	947,727	---	---
Total liabilities	357,355,098	874,591,339	2,318,378,847	37,094,390	3,587,419,674

NOTE 29 - 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 2025	< 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	1,379,453,642	---	---	---	---	---	1,379,453,642
Financial assets mandatorily at fair value through profit or loss	570,461,041	299,065,663	---	---	---	---	869,526,704
Loans and advances							
Loans and advances to credit institutions	2,329,651,322	---	---	---	---	---	2,329,651,322
Loans and advances to customers	202,467,409	1,948	5,911	103,892	95,980	702,583	203,377,723
Total	4,482,033,414	299,067,611	5,911	103,892	95,980	702,583	4,782,009,391

31 March 2025	< 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	---	---	---	---	---	---	---
Financial liabilities at amortized cost							
Amounts due to credit institutions	20,180,837	---	---	---	---	---	4,395,395,658
Amounts due to customers	4,395,395,658	---	---	---	---	---	3,243,799,735
Other financial liabilities	9,912,591	---	---	---	---	---	9,912,591
Total	4,425,489,086	---	---	---	---	---	4,425,489,086
Gap	56,544,328	299,067,611	5,911	103,892	95,980	702,583	356,520,305

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

31 March 2024	< 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	1,400,714,784	---	---	---	---	---	1,400,714,784
Derivatives held for trading (ELS)	---	---	---	---	---	---	---
Financial assets mandatorily at fair value through profit or loss	204,174,621	214,597,950	42,916,018	---	---	---	461,688,589
Loans and advances							
Loans and advances to credit institutions	1,301,384,878	295,505,789	---	---	---	---	1,596,890,667
Loans and advances to customers	201,073,021	61,575	92,132	81,059	77,272	578,819	201,963,877
Total	3,107,347,303	510,165,315	43,008,149	81,059	77,272	578,819	3,661,257,917

31 March 2024	< 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	36,258,241	---	---	---	---	---	36,258,241
Amounts due to customers	3,243,799,735	---	---	---	---	---	3,243,799,735
Other financial liabilities	18,004,106	---	---	---	---	---	18,004,106
Total	3,298,062,082	---	---	---	---	---	3,298,062,082
Gap	(190,714,779)	510,165,315	43,008,149	81,059	77,272	578,819	363,195,835

NOTE 29 - 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.

(h) Climate and Environmental risks

Based on the requirements of the circular CSSF 21/773, NBL developed a methodology to identify how Climate and Environmental Risks (hereinafter referred to as "CERs") drivers impact in the short, medium, and long terms across the different risk classes to which it is exposed to:

Risk Class	Sub-risk	
Credit	- Concentration risk - Default risk	- Collateral - Regulatory measures
Settlement	- Default risk	- Timing risk
Market	- FX Risk	
IRRBB	- Gap Risk - Basis Risk	- Option Risk
Liquidity	- Funding - Concentration risk	- Gap Risk - Regulatory measures
Operational	- People - IT & Cyber Security - Business Resilience - Transaction Lifecycle - Financial Reporting and Tax	- Fraud - Prudential Risk Framework - Third Party - Compliance - Legal
Business	- Profitability	

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

This “CERs Assessment” is performed by the business lines, as first line of defence, who analyses the relevance of the three CERs sub-types, namely Physical Acute, Physical Chronic and Transition within existing risk classes, across. Risk Management department, as second line of defence, works with the business lines and challenge their assessment. The result of the initial analysis is shown in the following table.

Risk Class	Materiality assessment outcome		
	Short term	Medium term	Long term
Credit		Low	
Settlement		Non-relevant	
Market		Non-relevant	
IRRBB		Non-relevant	
Liquidity		Low	
Operational		Low	
Reputational		Low	
Business		Low	

NBL reflected in its business strategy its willingness to provide its funds clients with solutions in the sustainability field and contribute to Global Climate objectives with its financing activities. In this regards NBL states not having risk appetite for investments, which their main business activity belong to the following sectors:

- Defence
- Forestry and forest use of forest areas
- Tobacco
- Coal Mining
- Mining (other than coal)
- Gambling

NBL leverages in the CERs heatmap for sector and countries developed by Nomura Group and updated regularly. NBL financial assets (forex forwards, government bonds, interbank deposits and reverse repos) are broken down by sector and geography rated by the CERs heatmap, in order to detect the risks the Bank it is exposed.

The composition of NBL's placements is monitored at Risk Management Committee meetings and Board of Directors are regularly informed.

The CERs Assessment methodology was incorporated in a procedure as part of the Risk Management framework. In relation to the Credit Risk, the Bank benefits the Group methodology that analyses Environmental, Social, and Governance risks that could potentially have an impact on the creditworthiness of a counterparty.

NOTE 29 - RISK MANAGEMENT (IN EUR) (continued)

The BCP policy was updated and assessment performed on how Physical risk factors could impact its main premises (H2O building) and the contingency sites (ebrc Kayl and Windhof) concluding that the highest factor that could affect NBL is flooding. However, from the information provided by the Ministry of the Environment, Climate and Sustainable Development (hereinafter the “MECDD”) and the Ministry of Internal Affairs, none of those locations are in a flood zone, therefore the risk from climate-related or environmental risks is very low.

As part of the Operational risk analysis the sub-custodian network due diligence was initially reviewed to identify potential risks, although it was determined that modification of the due diligence questionnaire and a more in-depth analysis by country was necessary.

The analysis of the Business risk included reputational impacts and at that moment it was concluded a low impact in terms of profitability/reputational risks.

The Internal Governance Policy was updated to include CERs risks as part of the risks analysis responsibilities of the 1st LoD and role of the 2nd LoD involvement of the second line of defence.

In order to increase the awareness of the different departments, trainings on Climate and Environmental risks were provided.

As part of the questionnaire the CSSF designed to conduct a survey on the implementation of the circular CSSF 21/773, NBL provided the actions taken and assessment performed and after the evaluation of the material supplied, the CSSF communicated the following requirements:

- Improve the forward-looking perspective in the assessment of the CERs impacts.
- Explore solutions with external data providers to gain granularity in the analysis of the funds’ portfolios to assess the impact of the profitability and reputation of NBL.
- To perform further detailed assessment of the sub-custodian network is necessary;
- The Bank should assess its reputational risk in the light of the funds already on-boarded and take this risk into consideration when on-boarding new funds;
- The CERs assessment methodology should be amended according to these recommendations.
- The Bank might design a plan in order to ensure the achievement of the integration of CR&E risks within the first line of defence.
- The operational procedure(s) governing the first line of defence should be updated to include the tasks/works the first line of defence performs in the identification and integration of CR&E risks within the Bank, e.g. CERs risk assessment;
- The Bank’s internal audit plan have to include the analysis of the Climate and Environmental Risks.

The Bank has developed and communicated a set of actions plan to tackle the implementation of these recommendations. The Risk Management Committee conducts the follow-up of actions plan and the Board of Directors is kept informed.

NOTE 30 - FAIR VALUE OF FINANCIAL INSTRUMENTS (IN EUR)

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

	Carrying amount		Fair value	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
Assets				
Cash, cash balances at central banks and other demand deposits	1,379,453,642	1,400,714,784	1,379,453,642	1,400,714,784
Loans and advances	2,533,029,045	1,798,854,544	2,533,029,045	1,798,854,544
Liabilities				
Financial liabilities at amortized cost	4,425,489,086	3,298,062,082	4,425,489,086	3,298,062,082

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. As at 31 March 2025 and 2024, the financial assets and liabilities are essentially short term maturities hence the amortized cost is considered a proxy to fair value.

Fair value hierarchy

As of 31 March 2025 and 2024, 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. NBL uses quoted market prices in active markets.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. Valuation technique includes net present value and discounted cash flow model. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, and other premiums used in estimating discount rates.

NOTE 30 - FAIR VALUE OF FINANCIAL INSTRUMENTS (IN EUR) (continued)

The following table sets out information about significant unobservable inputs used at 31 March 2025 and 2024 in measuring financial instruments categorized as Level 3 in the fair value hierarchy:

Types of financial instruments	Equity instruments
Fair value at 31 March 2025	EUR 27,985,827 (2024: EUR 18,381,752)
Valuation technique	Discounted cash flow
Significant unobservable input	Expected net cash flows derived from the entities
Range of estimates for unobservable input	Spread of 5%-6% above risk-free interest rate Investment based
Fair value measurement sensitivity to unobservable inputs	A significant increase in the spread above the risk-free rate would result in a lower fair value. A significant increase in expected net cash flows would result in a higher fair value.

NOTE 30 - FAIR VALUE OF FINANCIAL INSTRUMENTS (IN EUR) (continued)

31 March 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives held for trading	---	128,735,907	---	128,735,907
Financial assets mandatorily at fair value through profit or loss – Debt instruments	869,526,704	---	---	869,526,704
Financial assets at fair value through other comprehensive income – Equity instruments	---	---	27,985,827	27,985,827
Total financial assets	869,526,704	128,735,907	27,985,827	1,026,248,438
Financial liabilities				
Derivatives held for trading	---	126,222,854	---	126,222,854
Total financial liabilities	---	126,222,854	---	126,222,854

31 March 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives held for trading	---	247,170,873	---	247,170,873
Financial assets mandatorily at fair value through profit or loss – Debt instruments	461,688,589	---	---	461,688,589
Financial assets at fair value through other comprehensive income – Equity instruments	---	---	18,381,752	18,381,752
Total financial assets	461,688,589	247,170,873	18,381,752	727,241,214
Financial liabilities				
Derivatives held for trading	---	243,094,237	---	243,094,237
Total financial liabilities	---	243,094,237	---	243,094,237

During the years ended 31 March 2025 and 2024, 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 2025, 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.

During the year ended 31 March 2025, there were no movement in the financial liabilities designated at fair value through profit or loss.

NOTE 31 - 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 2025 and 2024, the Bank had complied in full with all its externally imposed capital requirements, with a regulatory capital of EUR 320,721,006.

NOTE 32 - 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 33 - 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 2025 and 2024 concerning Group entities, including the Parent company and subsidiaries, are split between subsidiaries and other Group companies as follows:

Subsidiaries:	31 March 2025	31 March 2024
Financial assets at fair value through other comprehensive income	27,841,107	18,242,072
Other assets	6,336,260	1,677,294
Total assets	34,177,367	19,919,366
Financial liabilities at amortized cost	23,825,702	18,042,634
Total liabilities	23,825,702	18,042,634
Income and expenses	31 March 2025	31 March 2024
Net fee and commission income	6,409,175	6,306,900

Other group entities:

The activities with other group mainly consist of services rendered to notes, global custody services, Tokyo desk services, professional IT and ISD support. All the intercompany transactions were conducted at arm's length. Settlement of transactions are made in normal course of business.

Other group entities:	31 March 2025	31 March 2024
Derivatives held for trading	677,109	9,848,619
Other assets	277,976	675,993
Total assets	955,085	156,992,118

Derivatives held for trading	93,593,935	186,729,384
Other liabilities	17,345,879	2,801,196
Total liabilities	110,939,814	189,530,580

Income and expenses	31 March 2025	31 March 2024
Net interest income	1,484,234	(180,882)
Net fee and commission income	991,262	4,951,715
Total	2,475,496	4,770,883

NOTE 34 - 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 2025	31 March 2024
Short-term employee benefits	1,113,626	1,217,478
Post-employment benefits	99,834	53,554
Total	1,213,460	1,271,032

As of 31 March 2025, and 2024, the Bank has no issued guarantees on behalf of its managerial bodies as follows:

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

	31 March 2025	31 March 2024
Director's Fees	48,000	48,000
Withholding Tax	12,000	12,000
Total	60,000	60,000

NOTE 35 - SUBSEQUENT EVENTS

The Bank is not aware of any adjusting or non-adjusting event that would have occurred between 31 March 2025 and the date when the present Financial Statements were authorized for issue.

NOTE 36 - PROPOSED ALLOCATION OF RESULT (IN EUR)

The Board of Directors proposes the following allocation of result:

Profit of the year	41,884,425
Release of the 2020 NWT reserve	15,000,000
Allocation to the 2026 NWT reserve	(9,310,000)
Dividend to distribute to shareholders	(41,720,000)
Allocation to retained earnings	5,854,425

This proposition will be submitted to the approval of the shareholders on 2 July 2025.



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