Nomura Bank (Luxembourg) S.A.

Pillar 3 report for the financial year ending

31 March 2021

Classification: Public / With Personal Data

NOMURA

Glossary of Acronyms

ABS	Asset-Backed Security
ACC	Financial Accounting Department
BIA	Basic Indicator Approach
CCB	Capital Conservation Buffer
CCF	Credit Conversion Factor
CCP	Central Counterparty Clearing House
CCR	Counterparty Credit Risk
CCyB	Countercyclical Buffer
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
CRD IV	Capital Requirements Directive IV
CRM	Credit Risk Mitigation
CRR	Capital Requirements Regulation
CSA	Credit Support Annex
CSD	Credit Support Deeds
CSSF	Commission de Surveillance du Secteur Financier
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
EU	European Union
ExCom	NBL Executive Committee or Authorized Managers
FTE	Full Time Equivalent
FX	Foreign Exchange
FXD	FX Dealing Department
GMRA	Global Master Repurchase Agreement
HQLA	High Quality Liquid Asset
HR	Human Resources

IAS	International Accounting Standards
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IMA	Internal Models Approach
IRB	Internal Ratings Based
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
IT	Information Technology
KRI	Key Risk Indicators
LCR	Liquidity Coverage Ratio
LMD	Liquidity Management Department
MCO	Maximum Cumulative Outflow
NBL	Nomura Bank (Luxembourg) S.A.
OTC	Over The Counter
P&L	Profit & Loss
RCSA	Risk and Control Self-Assessment
RMD	Risk Management Department
RWA	Risk Weighted Assets
SFT	Securities Financing Transaction
SME	Small and Medium Enterprises
The Bank	Nomura Bank (Luxembourg) S.A.
The Board	NBL Board of Directors or the Management Body

Table of Contents

1. Introduction

The disclosures made in this document do not constitute financial statements and are not required to be subject to an external audit.

This report presents the Pillar 3 disclosures of Nomura Bank (Luxembourg) S.A. (herein referred to as 'NBL' or 'the Bank') for the financial year ending 31 March 2021, as required by the global regulatory framework for capital and liquidity established by the Basel Committee on Banking Supervision, also known as Basel 3. At the European level, these requirements are implemented in the disclosure requirements as laid down in Part Eight of the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (also referred to as the 'Capital Requirements Regulation' or the 'CRR') and the Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (also referred to as the 'Capital Requirements Directive IV' or the 'CRD IV').

Further disclosure guidance has been provided by the European Banking Authority (also referred to as the 'EBA') in its 'Final Report on the Guidelines on Disclosure Requirements under Part Eight of Regulation (EU) No 575/2013' (herein referred to as the 'EBA Guidelines 2016/11'). Finally, at Luxembourg level, the CSSF Circular 17/673 also defines the sections of the EBA Guidelines 2016/11 to which the Bank is subject.

NBL Pillar 3 report is divided into ten sections, as follows:

- Section 2 presents the Bank's structure and governance;
- Section 3 presents the Bank's risk management framework;
- Section 4 presents the Bank's own funds and capital adequacy;
- Section 5 presents information on credit risk;
- Section 6 presents information on market risk;
- Section 7 presents information on interest rate risk on the banking book,
- Section 8 presents information on operational risk;
- Section 9 presents information on liquidity risk;
- Section 10 presents information on asset encumbrance;
- Section 11 presents information the leverage ratio;
- Section 12 presents information on remuneration.

The Bank publishes its Pillar 3 report on an annual basis.

2. Presentation of the Bank

2.1 Structure

NBL is a credit institution that was established in Luxembourg as a Société Anonyme in 1990 and operates as a fully licensed bank under the prudential supervision of the Luxembourg supervisory authority, namely the Commission de Surveillance du Secteur Financier ('CSSF'), in accordance with the Law of 5 April 1993 on the Financial Sector, as amended.

The shareholders of the Bank are Nomura Europe Holdings Plc ('NEHS') (99.96%) and Nomura International Plc ('NIP') (0.04%), both companies incorporated under the laws of United Kingdom. These are direct and indirect wholly owned subsidiaries of Nomura Holdings, Inc. ('NHI'), a company incorporated under the laws of Japan.

NBL has three wholly owned subsidiaries, which are:

- Global Funds Management S.A. ('GFM'), an Alternative Investment Fund Manager and UCITS Management Company, under Chapter 15 of the Luxembourg Law of December 2010, incorporated under the laws of Luxembourg.
- Global Funds Trust Company ('GFTC'), incorporated under the laws of the Cayman Islands.
- Master Trust Company ('MTC'), a direct subsidiary of GFTC, also incorporated under the laws of the Cayman Islands.

According to the current Luxembourg regulation, the Bank is exempted from the requirement to publish consolidated accounts and a consolidated management report by virtue of Article 83 of the law of 17 June 1992, as amended, and is not subject to the CSSF supervision on a consolidated basis by way of application of Article 50 of the law of 5 April 1993, as amended.

The exemption from preparing published consolidated accounts in accordance with IFRS is based on the Accounting Regulatory Committee's paper (ARC/06/2007) which confirmed that where, under the 7th Company Law Directive, a parent company is exempted from preparing consolidated accounts, but chooses or is required to prepare its annual accounts in accordance with IFRS as adopted by the European Union, the provisions in IAS 27 setting out the requirement to prepare consolidated accounts do not apply.

The value of the subsidiaries is deducted from NBL own funds.

There is not any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the parent undertaking and its subsidiaries.

2.2 Activities

NBL core activity is to provide depositary bank and custody services as well as general funds administration services to its clients. In parallel with these core business activities, NBL has established several corporate and institutional services such as acting as agent in multiple functions for Medium Term Notes ('MTN') programmes or offering FX services.

2.3 Governance

NBL has established an organisational framework and committee structure to facilitate effective business operations and management of the Bank's risks.

Key functions in the Bank are the members of the Board of Directors ('The Board'), Authorised Managers (members of the Executive Committee, or 'ExCom') and the persons responsible of the three control functions (Chief Risk Officer, Chief Compliance Officer and Chief Internal Auditor). These functions have the role and responsibilities required by the CSSF Circular 12/552 on the central administration, internal governance and risk management, as amended.

The Board has the overall responsibility for NBL. It ensures the execution of activities and preserves business continuity by way of sound central administration and internal governance arrangements pursuant to the applicable legal and regulatory instruments. The Board shall critically assess and approve at least once a year, the internal governance arrangements of NBL to ensure that the internal governance arrangements continue to comply with the regulatory requirements and the objectives of effective, sound and prudent business management. The Board is also in charge of promoting an internal risk culture which heightens the awareness of NBL staff as regards the requirements of sound and prudent risk management and which fosters a positive attitude vis-à-vis internal control and compliance. It is also in charge of stimulating the development of the internal governance arrangements which allow achieving these objectives. The Board is in charge of, among other:

- Defining the risk strategy of the Bank, including the risk tolerance and the guiding principles governing the risk identification, measurement, reporting, management and monitoring;
- Defining the strategy of the Bank with respect to own funds and regulatory and internal capital;
- Laying down the guiding principles of a clear and consistent organizational and operational structure, the guiding principles relating to the internal control mechanisms, the guiding principles for escalation, settlement and sanctions and the guiding principles of professional conduct and corporate values;
- Approving the policies laid down by the Authorised Management that implement the internal governance strategies and guiding principles;
- Assessing and approving the adequacy between the risks incurred, the Bank's ability to manage these risks and the own funds and internal and regulatory capital reserves.

The Board has delegated the daily management to the ExCom in line with the articles of incorporation. All members of the Board and of the ExCom have to be fully aware of the structure, responsibilities and division of tasks between these two management bodies. The Board and the ExCom have to interact effectively and provide each other with sufficient information to allow them to perform their respective roles.

The ExCom is in charge of the effective, sound and prudent day-to-day business (and inherent risks) management. The ExCom shall engage actively in the business of NBL and take decisions on a sound and well-informed basis. The ExCom is in charge of, among other:

- Verifying the implementation and compliance with internal policies and procedures;
- Verifying the soundness of the central administration and internal governance arrangements on a regular basis;
- Evaluate the key risks associated with the activities and functions for which individual members of Authorised Management are directly responsible;
- Examining the implementation, adequacy, effectiveness and compliance with the internal governance arrangements, including the state of compliance, internal control and ICAAP report on the situation and management of the risks and the internal and regulatory own funds and liquidity (reserves), and inform the Board accordingly;
- Ensuring compliance with the laws and applicable standards, with emphasis on solvency, liquidity and large exposures based on reports from business units and control functions;
- Approving/rejecting the significant changes in the business activities, especially if they have significant impact on the risk profile of the Bank, and inform control functions accordingly.

The following table showing directorships held by members of the Board as of end of March 2021:

Director	Position at NBL	Number of internal directorships outside NBL	Number of external directorships outside NBL
Kenji KIMURA	Chair, Non-executive director	2	0
Takashi OKAMOTO	Executive director	2	0
Darren BURNETT	Non-executive director	3	0
Alfred BRAUSCH	Independent non-executive director	0	13

Table 1: Directorships held by members of the Board as of 31 March 2021

3. Risk management framework

The Board is ultimately responsible for the maintenance of a sound system of internal controls and risk management that ensures risks are appropriately and effectively managed within NBL. The Board delegates authority for the definition and oversight of the NBL Risk management framework to the ExCom, which can be advised by the Risk Management Department ('RMD') and the Risk Management Committee.

The risk management framework of the Bank is maintained by RMD and embedded in the overall governance of the Bank. It comprises the Risk Appetite Statement of the Bank, the body of risk policies and procedures, the identified risk classes toward which the Bank is exposed and the tools and measures used to control and manage these risks.

3.1 Three lines of defence model

In order to ensure sound and prudent business management, the Bank has adopted the 'Three Lines of Defence' model:

- 1st line of defence - risk owners: the business owns and manages its 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 function, Custody function, Banking Services function, Client Support function and IT function;
- 2nd line of defence - risk control functions: formed of the internal control and the support functions, responsible for defining risk policies and risk processes and controls that contribute to the Bank's overall risk control. It is composed of the Risk Management Department, Compliance Department (as control functions), Corporate Legal Department, Fund Legal Department, Corporate Planning & Strategy Department, the Data Privacy Manager and Information Security Department.
- 3rd line of defence - risk assurance function: provides independent, objective and critical review of the first two lines of defence. This is performed by Internal Audit Department (also part of the internal control functions).

By implementing the three lines of defence, the Bank has designed a sound risk management framework, integrated at every level of the Bank.

Furthermore, and to appropriately embed risk governance across the Bank, a number of committees have been instated, among which is the Risk Management Committee, which is chaired by the Chief Risk Officer and has the purpose of assisting the ExCom in fulfilling its oversight responsibilities over the NBL risk management framework. The Risk Management Committee is held on a monthly basis and comprises of ExCom members, control functions heads and business functional unit heads.

3.2 Risk appetite

Nomura Group defines the risk appetite as the types and maximum level of risk that Nomura Group is willing to assume in pursuit of its strategic objectives and business plan. It must be within its risk capacity which is determined by constraints including regulatory capital, leverage, liquidity, and business conditions. NBL risk appetite equates to this definition and is aligned with the Nomura Group framework. However, through its local governance framework, the Bank does apply specific risk management controls and defines its risk appetite to ensure that business activities of NBL and any local regulatory expectations are adequately reflected.

The risk appetite is articulated across the following concepts:

1) Risk Appetite Statement: This is a qualitative statement that complements NBL approach with regards to the management of certain risks.
2) Risk Appetite Escalation Level: This is a lower level threshold for risk appetite that is used as an early warning indicator for the ExCom to take pre-emptive actions if deemed necessary to ensure

the relevant Risk Appetite Action Level is not exceeded. It may lead to the activation of the Bank's Contingency Funding Plan ('CFP') and the Recovery Plan, when the situation requires it.

3) Risk Appetite Action Level: It represents a risk appetite threshold that, if exceeded, must be escalated to the Board and the Board must approve actions to resolve the excess. This is the level that triggers the activation of the Bank's CFP or the Recovery Plan. Escalation to regulatory authorities may also be necessary when it relates to regulatory metrics.

NBL has implemented frameworks to evaluate and control the possibility of potential losses arising from NBL various operations and transactions. NBL seeks to quantify risks materially impacting the Bank as far as possible. In the quantification process, NBL uses a variety of methods including both statistical analysis and non-statistical methods, such as stress testing.

The NBL risk appetite includes the following topics among others: capital adequacy, liquidity risk, market risk, credit risk, operational risk.

These risks are controlled through quantitative metrics that include, but are not limited to:

- Capital adequacy metrics, such as Tier 1 and total capital ratios, leverage ratio and economic capital usage;
- Liquidity risk metrics, such as Maximum Cumulative Outflow under different scenarios, Liquidity Coverage Ratio;
- Market risk metrics, such as Open FX position limits and IRRBB limits;
- Credit risk metrics, such as internal credit limits and Large Exposures limits;
- Operational risk metrics, such as the financial losses limit and the risk event rating methodology.

Further information on the management of these risks is provided in note 32 of the NBL Annual Report.

3.3 Monitoring and Escalation

Management information is developed, aggregated and reported in order to monitor risk and provide a basis for sound decision-making:

1) The Risk Appetite measures are monitored by RMD and are reported at least monthly to the Risk Management Committee (including the ExCom) and at least semi-annually to the Board.
2) Any breach of NBL's Risk Appetite must be escalated to the ExCom, and ultimately to the Board, as appropriate.

3.4 Declaration of the Management

NBL Management confirms, for the purpose of Article 435 of the CRR, that the Bank's risk management arrangements are adequate with regard to its risk profile and strategy.

4. Own funds and capital adequacy

4.1 Own funds composition

NBL evaluates the adequacy of its capital in order to guarantee that the Bank has sufficient capital to sustain its strategy and profitability, while complying with regulatory and internal capital objectives.

According to the Regulation (EU) No 575/2013 ('CRR'), the regulatory capital must consist of:

- Common Equity Tier 1 (CET1) capital: Capital instruments, share premiums, retained earnings not including current year profit, foreign currency translation adjustment less intangible assets, defined benefit pension fund, own shares and deferred tax assets that rely on future probability;
- Tier 1 capital: CET1 capital and Additional Tier 1 capital;
- Tier 2 capital: Eligible portion of subordinated long-term debt.

The Bank's regulatory capital consists exclusively of Common Equity Tier 1 ('CET1') capital, composed mostly itself of retained earnings. The Bank does not have issued additional Tier 1 capital or Tier 2 capital as defined in the CRR. Table 2 here below illustrates the NBL own funds composition as-of 31.03.2021.

Situation as of 31 March 2021	Amount in EUR
Paid up capital instruments	*28,000,000*
Previous years retained earnings	*231,745,823*
Profit or loss eligible	
Accumulated other comprehensive income	*12,806,847*
Other reserves	*69,651,673*
Adjustments to CET1 due to prudential filters	*(772,275)*
Increases in equity resulting from securitised assets	-
Cash flow hedge reserve	-
Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	-
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-
Value adjustments due to the requirements for prudent valuation	*(772,276)*
Deduction of other intangible assets	*(8,402,774)*
Deduction of CET1 instruments of financial sector entities where the institution has a significant investment	*(12,806,847)*
CET1 Capital	320,222,447
Additional Tier 1 Capital	-
Tier 1 Capital	**320,222,447**
Tier 2 Capital	**-**
Regulatory own funds	**320,222,447**

Table 2: Regulatory own funds as of 31 March 2021

4.2 Total Capital Ratio

Unless specified differently in the relevant sections, NBL uses the following CRR risk methodologies: the standardised approach for the calculation of credit risk capital charges, the basic indicator approach ('BIA') for the operational risk capital charges and the Mark-to-Market method for the calculation of counterparty credit risk exposures. The Financial Comprehensive Collateral Method is applied in the valuation of the financial collateral eligible for the reduction of capital charges.

Table 3 here below illustrates the Bank's regulatory total capital ratio (Pillar 1) as of end of March 2021.

Item	Amount (EUR)
Common Equity Tier 1	*320,222,447*
Additional Tier 1 Capital	-
Tier 2 Capital	-
Total Regulatory own funds	320,222,447
Total Risk Weighted Assets	834,191,356
Total capital ratio	**38.39%**

Table 3: Total Capital ratio

4.3 Internal Capital Adequacy Assessment Process ('ICAAP')

NBL is committed to maintain a well-capitalised position for regulatory capital purposes and for its clients. Therefore, the Bank sticks to the following principles in managing its capital position:

- Maintain adequate capital to support the economic risk faced by the Bank; and,
- Maintain adequate capital to meet regulatory requirements under business as usual and internally assessed stressed conditions.

Capital adequacy is monitored through the CRR-mandated ICAAP. The exercise is performed annually to ensure that the Bank is adequately capitalized to cover the risks the Bank could be exposed to as a result of its business model and strategy. The capital of the Bank must be of sufficient quantity and quality to absorb losses that may arise with estimated probability and frequency. Consequently, the ICAAP should not only take into account the current situation of the Bank but should be forward-looking in order to ensure the internal capital adequacy on an ongoing basis.

The Bank decided to calculate the internal capital requirements using a stress-test approach aiming at identifying risk sensitivities for which additional capital could be required. The ICAAP is reviewed by the ExCom and the Board before being presented to the CSSF.

4.4 Risk Weighted Assets

Table 4 and Table 5 below disclose the RWAs and regulatory capital requirements broken down by risk types and model approaches and the RWAs and capital requirements broken down per exposure classes. The capital requirement amounts have been obtained by applying 8% to the corresponding weighted risks. The column T-1 refers to the RWAs of previous year, i.e. as of end of March 2020. As shown in the table, the amount of RWAs at the end of March 2021 decreased compared to March 2020 -7%) driven by the decrease in credit risk (-17%).

Reference	#	Name	RWAs (T)	RWAs (T-1)	Capital requirements (T)
	1	Credit risk (excluding CCR)	487,333,538	585,797,123	38,986,683
Article 438(c)(d)	2	Of which the standardised approach	487,333,538	585,797,123	38,986,683
Article 438(c)(d)	3	Of which the foundation IRB (FIRB) approach			
Article 438(c)(d)	4	Of which the advanced IRB (AIRB) approach			
Article 438(d)	5	Of which equity IRB under the simple risk-weighted approach			
Article 107 Article 438(c)(d)	6	CCR	201,802,514	159,940,560	16,144,201
Article 438(c)(d)	7	Of which mark to market	174,220,258	135,719,009	13,937,621
Article 438(c)(d)	8	Of which original exposure			
	9	Of which the standardised approach			
	10	Of which internal model method (IMM)			
Article 438(c)(d)	11	Of which risk exposure amount for contributions to the default fund of a CCP			
Article 438(c)(d)	12	Of which CVA	27,582,256	24,221,550	2,206,580
Article 438(e)	13	Settlement risk			
Article 449(o)(i)	14	Securitisation exposures in the banking book (after the cap)			
	15	Of which IRB approach			
	16	Of which IRB supervisory formula approach (SFA)			
	17	Of which internal assessment approach (IAA)			
	18	Of which standardised approach			
Article 438 (e)	19	Market risk			
	20	Of which the standardised approach			
	21	Of which IMA			
Article 438(e)	22	Large exposures			
Article 438(f)	23	Operational risk	145,055,304	153,553,671	11,604,424
	24	Of which basic indicator approach	145,055,304	153,553,671	11,604,424
	25	Of which standardised approach			
	26	Of which advanced measurement approach			
Article 437(2), Article 48 and Article 60	27	Amounts below the thresholds for deduction (subject to 250% risk weight)			
Article 500	28	Floor adjustment			
Article 438(c)(d)	**29**	**Total**	**834,191,356**	**899,291,353**	**66,735,308**

Table 4: Breakdown of Risk Weighted Assets per risk type and model approach

Exposure class	RWAs as of 31 March 2021	Capital requirements
Central governments or central banks	-	-
Regional governments or local authorities	-	-
Public sector entities	-	-
Multilateral development banks	-	-
International organisations	-	-
Institutions	49,739,437	3,979,155
Corporates	190,179,200	15,214,336
Of which: SMEs	-	-
Retail	428,430	34,275
Of which: SMEs	-	-
Secured by mortgages on immovable property	-	-
Of which: SMEs	-	-
Exposures in default	-	-
Items associated with particularly high risk	-	-
Covered bonds	-	-
Claims on institutions and corporates with a short-term credit assessment	400,361,942	32,028,955
Collective investments undertakings	-	-
Equity exposures	2,290,190	183,215
Other exposures	18,554,596	1,484,368
Total risk standardized approach	**661,553,795**	**52,924,304**

Table 5: Breakdown of RWAs and capital requirements by exposure class for Credit Risk and CCR

4.5 Capital Buffers

At present, the CSSF did not request NBL to maintain any NBL-specific capital buffer in addition to the regulatory capital buffers mandated by the CRD IV.

4.5.1 Capital Conservation Buffer

The Capital Conservation Buffer ('CCB') is a CRD IV buffer requirement, met by CET1 capital, which can be used to absorb losses during periods of stress. The Bank's current CCB rate is 2.50%.

4.5.2 Countercyclical buffer

The Countercyclical Buffer ('CCyB') is a CRD IV buffer requirement, met by CET1 capital, equal to the relevant capital requirements multiplied by the weighted average of countercyclical rates applicable in countries in which the exposures are located. The Bank's specific CCyB as of end of March 2021 is illustrated in Table 6 here below.

Item	Amount in EUR
Total risk exposure amount	834,191,356
Institution specific countercyclical buffer rate	0.034598%
Institution-specific countercyclical capital buffer requirement	288,617

Table 6: Amount of institution specific countercyclical capital buffer

The

	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements		
Country	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures
AE	69,327	-	-	-	-	-	2,773	-	-
AU	106,477,021	-	-	-	-	-	1,703,632	-	-
BE	65,457,257	-	-	-	-	-	2,496,121	-	-
BR	223,333	-	-	-	-	-	3,573	-	-
CA	1,031,041	-	-	-	-	-	16,497	-	-
CH	440,502,083	-	-	-	-	-	7,565,905	-	-
CN	7	-	-	-	-	-	0	-	-
CZ	13,523	-	-	-	-	-	541	-	-
DE	25,730,503	-	-	-	-	-	728,079	-	-
DK	339,359	-	-	-	-	-	5,430	-	-
ES	9,277	-	-	-	-	-	148	-	-
FI	17,256	-	-	-	-	-	276	-	-
FR	87,624,045	-	-	-	-	-	1,274,023	-	-
GB	241,962,592	-	-	-	-	-	6,632,114	-	-
GR	5,846	-	-	-	-	-	94	-	-
HK	476,546	-	-	-	-	-	19,062	-	-
HU	45,993	-	-	-	-	-	1,840	-	-
ID	22,368	-	-	-	-	-	358	-	-
IL	43,698	-	-	-	-	-	699	-	-
IT	4,699	-	-	-	-	-	75	-	-
JP	198,512,484	-	-	-	-	-	2,789,855	-	-
KY	226,819,069	-	-	-	-	-	11,532,025	-	-
LU	74,238,422	-	-	-	-	-	3,345,355	-	-
MY	321,103	-	-	-	-	-	5,138	-	-
NL	91,447,825	-	-	-	-	-	2,047,531	-	-
NO	88,354	-	-	-	-	-	1,414	-	-
NZ	269,462	-	-	-	-	-	4,311	-	-
PH	136	-	-	-	-	-	2	-	-
RO	81,869	-	-	-	-	-	1,310	-	-
SE	3,008,007	-	-	-	-	-	48,128	-	-
SG	111,335,514	-	-	-	-	-	1,824,194	-	-
TH	88,042	-	-	-	-	-	3,522	-	-
US	195,221,509	-	-	-	-	-	6,812,926	-	-
ZA	1,954,961	-	-	-	-	-	78,198	-	-
Total	1,873,442,531	-	-	-	-	-	48,945,149	-	-

Table 7 here below discloses the geographical distribution of credit exposures relevant for the calculation of the Bank's specific countercyclical buffer rate. Countercyclical capital buffer rates are determined by Basel Committee member jurisdictions. The countercyclical capital buffer varies according to a percentage of risk-weighted assets. The 'General credit exposures' include only credit exposures to the private sector. Exposures to the public sector and to institutions are not in scope.

	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements					
Country	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total	Own funds requirement weights	Countercyclical capital buffer rate
AE	69,327	-	-	-	-	-	2,773	-	-	2,773	0.01%	0.0000000%
AU	106,477,021	-	-	-	-	-	1,703,632	-	-	1,703,632	3.48%	0.0000000%
BE	65,457,257	-	-	-	-	-	2,496,121	-	-	2,496,121	5.10%	0.0000000%
BR	223,333	-	-	-	-	-	3,573	-	-	3,573	0.01%	0.0000000%
CA	1,031,041	-	-	-	-	-	16,497	-	-	16,497	0.03%	0.0000000%
CH	440,502,083	-	-	-	-	-	7,565,905	-	-	7,565,905	15.46%	0.0000000%
CN	7	-	-	-	-	-	0	-	-	0	0.00%	0.0000000%
CZ	13,523	-	-	-	-	-	541	-	-	541	0.00%	0.0000055%
DE	25,730,503	-	-	-	-	-	728,079	-	-	728,079	1.49%	0.0000000%
DK	339,359	-	-	-	-	-	5,430	-	-	5,430	0.01%	0.0000000%
ES	9,277	-	-	-	-	-	148	-	-	148	0.00%	0.0000000%
FI	17,256	-	-	-	-	-	276	-	-	276	0.00%	0.0000000%
FR	87,624,045	-	-	-	-	-	1,274,023	-	-	1,274,023	2.60%	0.0000000%
GB	241,962,592	-	-	-	-	-	6,632,114	-	-	6,632,114	13.55%	0.0000000%
GR	5,846	-	-	-	-	-	94	-	-	94	0.00%	0.0000000%
HK	476,546	-	-	-	-	-	19,062	-	-	19,062	0.04%	0.0003894%
HU	45,993	-	-	-	-	-	1,840	-	-	1,840	0.00%	0.0000000%
ID	22,368	-	-	-	-	-	358	-	-	358	0.00%	0.0000000%
IL	43,698	-	-	-	-	-	699	-	-	699	0.00%	0.0000000%
IT	4,699	-	-	-	-	-	75	-	-	75	0.00%	0.0000000%
JP	198,512,484	-	-	-	-	-	2,789,855	-	-	2,789,855	5.70%	0.0000000%
KY	226,819,069	-	-	-	-	-	11,532,025	-	-	11,532,025	23.56%	0.0000000%
LU	74,238,422	-	-	-	-	-	3,345,355	-	-	3,345,355	6.83%	0.0341745%
MY	321,103	-	-	-	-	-	5,138	-	-	5,138	0.01%	0.0000000%
NL	91,447,825	-	-	-	-	-	2,047,531	-	-	2,047,531	4.18%	0.0000000%
NO	88,354	-	-	-	-	-	1,414	-	-	1,414	0.00%	0.0000289%
NZ	269,462	-	-	-	-	-	4,311	-	-	4,311	0.01%	0.0000000%
PH	136	-	-	-	-	-	2	-	-	2	0.00%	0.0000000%
RO	81,869	-	-	-	-	-	1,310	-	-	1,310	0.00%	0.0000000%
SE	3,008,007	-	-	-	-	-	48,128	-	-	48,128	0.10%	0.0000000%
SG	111,335,514	-	-	-	-	-	1,824,194	-	-	1,824,194	3.73%	0.0000000%
TH	88,042	-	-	-	-	-	3,522	-	-	3,522	0.01%	0.0000000%
US	195,221,509	-	-	-	-	-	6,812,926	-	-	6,812,926	13.92%	0.0000000%
ZA	1,954,961	-	-	-	-	-	78,198	-	-	78,198	0.16%	0.0000000%
Total	1,873,442,531	-	-	-	-	-	48,945,149	-	-	48,945,149	100%	0.0345984%

Table 7: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

5. 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.

5.1 Credit risk governance

Credit risk is managed in accordance with the Credit Risk Management Policy that defines the fundamental principles, framework and governance for the management of credit risk. Credit exposures from counterparty transactions are managed by means of setting credit limits and credit exposures are monitored and managed within those limits.

RMD is responsible for developing and maintaining the credit risk framework and methodology and it is supported by the Nomura Group in reviewing counterparties, setting credit limits and monitoring credit exposures.

Besides, the Financial Accounting Department ('ACC') is responsible for prudential reporting to the Bank's regulators.

The process for managing credit risk includes the assessment and review of counterparties, the assignment of internal ratings, the establishment of credit limits, the monitoring of current and potential future exposures, the setup of credit terms in legal documentation and the use of appropriate credit risk mitigants.

NBL credit risk exposure arises from over-the-counter ('OTC') FX transactions executed with its clients, cash placements with financial institutions (reverse repo transactions, interbank lending and long nostro balances) and securities investments held for the purpose of constituting a liquidity buffer or for collateral needs.

5.2 Credit risk mitigation

NBL has put in place several risk controls and credit mitigation techniques to reduce and manage credit risk exposures.

NBL collateral management framework is defined in NBL Collateral Management Methodology and it is based on the principle of meeting CRR standards and any other applicable regulation. It is consistent with the relevant Nomura Group credit risk and collateral requirements.

NBL enters into legal agreements with its counterparties which are based on ISDA standards. Those agreements allow netting of receivables and payables and reduce losses potentially incurred as a result of counterparty default. They are complemented by collateral agreements drafted based on ISDA standards and comprise CSAs, CSDs and GMRAs which allow NBL to obtain collateral from its counterparties.

Part of the collateral management framework is also the management of wrong way risk, the risk that an exposure is highly correlated with the deterioration of the creditworthiness of the counterparty generating that exposure. In order to minimize this type of risk NBL does not accept collateral issued by the collateral provider and monitors the amount and type of collateral issued by financial institutions.

5.3 'Past due' and 'impairment' definition

Past due loans: Interest, repayments or overdrafts on a loan that have been due for repayment for more than one day.

Impairment:

Under IFRS 9, the expected credit loss model ('ECL') 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 is expected to occur based on default events that are possible within 12 months after the reporting date.

As of end of March 2021, the ECL on financial assets at amortized cost amounts to EUR 14,528.

5.4 Standardized approach

The Bank uses the standardized approach in order to calculate its risk weighted assets related to credit risk. The standardized approach measures credit risk either pursuant to fixed risk weights, which are predefined by the regulator, or through the application of external ratings. The Bank uses eligible external ratings from Standard & Poor's and Moody's for all applicable exposure classes. Where credit assessments of counterparties are not available, risk weights are assigned in accordance with the CRR requirements for unrated exposures.

Table 8 here below presents the mapping between the external ratings and the Credit Quality Steps ('CQS').

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

Table 8: Mapping of external ratings with credit quality steps

Where credit assessments of counterparties are not available, risk weights are assigned in accordance with the CRR requirements for unrated exposures.

As of end of March 2021, NBL is mainly exposed to institutions and corporates with a short-term credit assessment, this exposure class representing 46% of the Bank's total exposure. Central banks represent 37% of the Bank's total exposure while institutions and corporates without a short-term credit assessment represent together 16%. NBL has a limited exposure (below 1%) on the remaining exposure classes.

In compliance with Article 442 (c) of the CRR, Table 9 here below discloses the year-end total and annual average exposures by exposure class. The net value of the exposures is calculated by deducting credit risk adjustments from the gross amount for on-balance-sheet items and provisions for off-balance-sheet items. Consequently, credit risk exposure values are shown after accounting offsets but before credit risk mitigation.

Exposure class	Net exposure value as of 31.03.2021 in EUR	Average Net exposure value in EUR
Central governments or central banks	1,200,067,918	1,107,772,089
Regional governments or local authorities	---	---
Public sector entities	---	16,763,953
Multilateral development banks	---	0
International organisations		---
Institutions	165,504,823	215,931,866
Corporates	347,459,237	175,404,497
Of which: SMEs	-	---

Exposure class	Net exposure value as of 31.03.2021 in EUR	Average Net exposure value in EUR
Retail	571,239	626,427
Of which: SMEs	-	---
Secured by mortgages on immovable property	-	---
Of which: SMEs	-	---
Exposures in default	-	---
Items associated with particularly high risk	-	---
Covered bonds	-	---
Claims on institutions and corporates with a short-term credit assessment	1,495,906,159	1,512,627,619
Collective investments undertakings	-	---
Equity exposures	977,690	976,273
Other exposures	28,528,205	26,916,885
Total Credit risk Standardized approach	**3,239,015,271**	**3,057,019,608**

Table 9: Credit risk exposures by exposure class

5.4.1 Geographical breakdown of credit exposures

In terms of geographical distribution of its exposures, NBL is mainly exposed to counterparties located in EU countries (37%), Japan being the second geographical area to which the Bank is exposed (19%). Within Europe, NBL is mostly exposed to counterparties located in Luxembourg (27%), Switzerland (17%) and United Kingdom (8%).

In compliance with Article 442 (d) of the CRR, Table 10 here below discloses the geographical distribution of the Bank's exposures by exposure class.

Category	EU Countries	of which Luxembourg	of which France	of which Germany	of which Belgium
Central governments or central banks	792,419,919	792,419,919	-	-	-
Regional governments or local authorities	-	-	-	-	-
Public sector entities	-	-	-		-
Multilateral development banks	-	-	-		-
International organisations	-	-	-		-
Institutions	34,371,074	36,290	15,362	4,064,356	30,158,159
Corporates	20,755,805	20,755,805	-	-	-
Retail	571,239	571,239	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-
Exposures in default	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-
Covered bonds	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	307,295,342	36,243,156	87,624,045	25,730,503	65,354,567
Collective investments undertakings	-	-	-		-
Equity exposures	477,690	375,000	-		102,690
Other exposures	27,103,911	24,384,974	-		-
Total Credit risk Standardized approach	1,182,994,980	874,786,383	87,639,407	29,794,859	95,615,416

Category	Japan	Switzerland	United Kingdom	United States of America	Cayman Islands	Rest of the world
Central governments or central banks	407,647,999	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	93,977	111,211,731	17,101,243	1,924,337	-	802,461
Corporates	-	-	101,808,656	-	224,894,776	
Retail	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-		-	-	-
Exposures in default	-	-		-	-	-
Items associated with particularly high risk	-	-		-	-	-
Covered bonds	-	-		-	-	-
Claims on institutions and corporates with a short-term credit assessment	198,512,484	432,410,331	140,153,936	195,221,509	-	222,312,557
Collective investments undertakings	-	-		-	-	-
Equity exposures	-	-		-	500,000	-
Other exposures	-	-		-	1,424,294	-
Total Credit risk Standardized approach	606,254,460	543,622,062	259,063,835	197,145,846	226,819,070	223,115,018

Table 10: Geographical breakdown of credit risk exposures

5.4.2 Counterparty type breakdown of exposures

In compliance with Article 442 (e) of the CRR, Table 11 here below discloses the distribution of the Bank's exposures by exposure class as well as by counterparty type.

Exposure class	Financial sector	Non-financial sector
Central governments or central banks	792,419,919	407,647,999
Regional governments or local authorities		
Public sector entities		
Multilateral development banks		
International organisations	---	
Institutions	165,504,823	
Corporates	347,459,237	---
Retail	---	571,239
Secured by mortgages on immovable property	---	---
Exposures in default	---	---
Items associated with particularly high risk	---	---
Covered bonds		
Claims on institutions and corporates with a short-term credit assessment	1,468,807,842	27,098,317
Collective investments undertakings		
Equity exposures	875,000	102,690
Other exposures	15,309,777	13,218,428
Total Credit risk Standardized approach	**2,790,376,597**	**448,638,673**

Table 11: Counterparty type breakdown of exposures

5.4.3 Maturity breakdown of exposures

In terms of residual maturity of its exposures, NBL is mainly exposed to short-term maturities. Indeed, most of its exposures have a residual maturity of less than one year (98%). 41% of total exposures are on-demand exposures.

In compliance with Article 442 (f) in the CRR, Table 12 here below shows the total net exposure broken down by exposure class and residual maturities under the standardized method as of end of 2021.

Exposure class	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Central governments or central banks	792,419,919	407,647,999	-	-	-	1,200,067,918
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	805,912	162,440,479	-	-	2,258,432	165,504,823
Corporates	76,287,105	249,661,318	-	-	21,510,814	347,459,237
Retail	-	6,446	484,163	-	80,630	571,239
Secured by mortgages on immovable property	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	453,555,911	1,042,127,398	-	-	222,850	1,495,906,159
Collective investments undertakings	-	-	-	-	-	-
Equity exposures	-	-	-	-	977,690	977,690
Other exposures	1,067	-	-	-	28,527,138	28,528,205
Total Credit risk Standardized approach	**1,323,069,914**	**1,861,883,640**	**484,163**	**-**	**53,577,554**	**3,239,015,271**

Table 12: Maturity breakdown of credit risk exposures

5.4.4 Exposures in default and value adjustments

The notion of exposure in default is defined by the article 178 of the CRR. A default occurs if:

- The arrears of the counterparty exceed 90 days.
- The counterparty is most likely not able to honour its obligations to the Bank, unless proceeding to the sale of collaterals.

As of end of March 2021, the Bank does not have any exposure in default, or any non-performing exposure. Furthermore, the Bank has a very limited amount of ECL amounting to EUR 14,528. Consequently, the Bank decided not to disclose any of the tables related to these dimensions.

5.4.5 Exposures per exposure classes, before and post CRM, excluding derivatives.

In compliance with Articles 444 (e) and 453,

	Exposures before CCF and CRM		Exposures post CCF and CRM	
Exposure class	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**
Central governments or central banks	1,200,067,918	-	1,200,067,918	-
Regional governments or local authorities	-	-	-	-
Public sector entities	-	-	-	-
Multilateral development banks	-	-	-	-
International organisations	-	-	-	-
Institutions	161,346,490	-	161,346,490	-
Corporates	88,197,187	9,794,130	13,202,283	9,794,130
Retail	490,609	80,630	490,609	80,630
Secured by mortgages on immovable property	-	-	-	-
Exposures in default	-	-	-	-
Items associated with particularly high risk	-	-	-	-
Covered bonds	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	1,478,918,756	-	1,378,002,078	-
Collective investments undertakings	-	-	-	-
Equity exposures	14,995,387	-	14,995,387	-
Other exposures	28,528,205	-	28,528,205	-
Total Credit risk Standardized approach	**2,972,544,552**	**9,874,760**	**2,796,632,970**	**9,874,760**

Table **13** and Table 14 presented below provide an overview of the exposure value covered by eligible collaterals and other credit risk mitigation techniques after haircuts.

More precisely,

	Exposures before CCF and CRM		Exposures post CCF and CRM	

	Exposures before CCF and CRM		Exposures post CCF and CRM	
Exposure class	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount
Central governments or central banks	1,200,067,918	-	1,200,067,918	-
Regional governments or local authorities	-	-	-	-
Public sector entities	-	-	-	-
Multilateral development banks	-	-	-	-
International organisations	-	-	-	-
Institutions	161,346,490	-	161,346,490	-
Corporates	88,197,187	9,794,130	13,202,283	9,794,130
Retail	490,609	80,630	490,609	80,630
Secured by mortgages on immovable property	-	-	-	-
Exposures in default	-	-	-	-
Items associated with particularly high risk	-	-	-	-
Covered bonds	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	1,478,918,756	-	1,378,002,078	-
Collective investments undertakings	-	-	-	-
Equity exposures	14,995,387	-	14,995,387	-
Other exposures	28,528,205	-	28,528,205	-
Total Credit risk Standardized approach	**2,972,544,552**	**9,874,760**	**2,796,632,970**	**9,874,760**

Table **13** shows credit risk exposure before and after credit conversion factor and credit risk mitigation broken down by exposure class as well as a split in on- and off-balance sheet exposures, under the standardised approach.

Table 14 presents the breakdown of exposures by exposure class and risk weight after credit conversion factor and credit risk mitigation. The RWA density is the ratio between the total RWAs and the Exposures post CCF ('Credit Conversion Factor') and post CRM ('Credit Risk Mitigation'), expressed as a percentage. The RWA density is an indicator of the risk taken by the Bank compared to its assets.

	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure class	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWAs**	**RWA density**
Central governments or central banks	1,200,067,918	-	1,200,067,918	-	-	0%
Regional governments or local authorities	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
International organisations	-	-	-	-	-	-
Institutions	161,346,490	-	161,346,490	-	47,660,270	29.5%
Corporates	88,197,187	9,794,130	13,202,283	9,794,130	22,990,608	99.9%
Retail	490,609	80,630	490,609	80,630	428,430	75.0%
Secured by mortgages on immovable property	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	1,478,918,756	-	1,378,002,078	-	395,409,444	28.7%
Collective investments undertakings	-	-	-	-	-	-
Equity exposures	14,995,387	-	14,995,387	-	2,290,190	15.2%
Other exposures	28,528,205	-	28,528,205	-	18,554,596	65.0%
Total Credit risk Standardized approach	**2,972,544,552**	**9,874,760**	**2,796,632,970**	**9,874,760**	**487,333,538**	**17.4%**

Table 13: Credit risk exposure and CRM effects

Exposure class	0%	2%	4%	10%	20%	35%	50%	70%	75%
Central governments or central banks	1,200,067,918	-	-	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	111,278,742	-	49,334,690	-	-
Corporates	-	-	-	-	7,256	-	-	-	-
Retail	-	-	-	-	-	-	-	-	571,239
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	978,638,650	-	399,363,428	-	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-
Equity exposures	-	-	-	-	-	-	-	-	-
Other exposures	1,067	-	-	-	12,465,677	-	-	-	-
Total Exposure post CRM and post CCF	**1,200,068,985**	**-**	**-**	**-**	**1,102,390,325**	**-**	**448,698,118**	**-**	**571,239**

Exposure class	100%	150%	250%	370%	1250%	Others	Deducted	Total	*Of which unrated*
Central governments or central banks	-	-	-	-	-	-	-	1,200,067,918	-
Regional governments or local authorities	-	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Institutions	724,820	8,238	-	-	-	-	-	161,346,490	*111,922,327*
Corporates	22,989,156	-	-	-	-	-	-	22,996,412	*22,989,156*
Retail	-	-	-	-	-	-	-	571,239	*571,239*
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-
Items associated with particularly high risk	-	-	-	-	-	-	-	-	-
Covered bonds	-	-	-	-	-	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	1,378,002,078	-
Collective investments undertakings	-	-	-	-	-	-	-	-	-
Equity exposures	102,690	-	875,000	-	-	-	14,017,697	14,995,387	*14,995,387*
Other exposures	16,061,461	-	-	-	-	-	-	28,528,205	*28,528,205*
Total Exposure post CRM and post CCF	**39,878,127**	**8,238**	**875,000**	**-**	**-**	**-**	**14,017,697**	**2,806,507,729**	***179,006,314***

Table 14: Breakdown of exposures under the standardised approach by exposure class and risk weight - Post CCF and CRM

In compliance with Article 453 (f) of the CRR, Table 15 here below discloses the total exposure value by eligible financial collateral and other eligible collateral.

	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total loans	2,137,145,168	178,412,275	178,412,275	-	-
Total debt securities	604,815,472	-	-	-	-
Total exposures	**2,741,960,640**	**178,412,275**	**178,412,275**	**-**	**-**
of which defaulted	-	-	-	-	-

Table 15: Total exposure covered by eligible collateral

5.4.6 Counterparty credit risk

Counterparty credit risk is the risk that the counterparty to a transaction defaults before the final settlement of the transaction's cash flows. The counterparty credit risk related to derivatives arises from all OTC transactions such as interest rate swaps, foreign exchange swaps, inflation or commodity swaps and credit default swaps. For NBL the exposure is arising from FX forwards and FX swaps activity.

NBL exposure to FX transactions with both its clients and external counterparties is covered by cash and securities collateral. Daily exchange of cash collateral is governed by CSAs. In addition, some clients are also required to cover their exposures by pledging securities they typically hold for investment.

In compliance with Article 439 (e) of the CRR, Table 16 here below discloses the impact of netting and collateral held on exposure values and the counterparty credit risk exposures under the standardised approach broken down by risk weights and exposure classes.

	Gross positive fair value or net carrying amount	Netting benefits	Netted current credit exposure	Collateral held	Net credit exposure
Derivatives	278,721,423	111,425,920	167,295,503	(72,485,198)	94,810,305
SFT	-	-	-	-	-
Cross-product netting	-	-	-	-	-
Total	**278,721,423**	**111,425,920**	**167,295,503**	**(72,485,198)**	**94,810,3059**

Table 16: Impact of netting and collateral held on exposures value

Besides, Table 17 here below discloses the collateral used in derivatives transactions. Concerning NBL, Counterparty Credit Risk exposures exclusively comes from derivatives.

Amount	Collateral used in derivatives transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Total	**-**	**81,141,206**	**-**	**71,838,875**	**-**	**-**

Table 17: Composition of collateral for exposures to CCR

5.4.7 Exposures in equities not included in the trading book

Table 18 here below discloses the equities instruments broken down by accounting class as well as by IFRS 13 levels (from 1 to 3), according to the fair value hierarchy.

Equity instruments	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through P&L	-	-	-	-
Financial assets at fair-value through other comprehensive income				
Exchange-traded positions	-	-	-	-
Strategic participations	-	-	*14,892,697*	*14,892,697*
Other unlisted securities	-	-	*102,690*	*102,690*
Total	**-**	**-**	**14,995,387**	**14,995,387**

Table 18: Breakdown of equity exposures by type

As-of 31.03.2021, the strategic participations are shares in the following affiliated undertakings:

Name:	Global Funds Management S.A.
Registered office:	33, rue de Gasperich
	L-5826 Hesperange
Proportion of the capital held:	100%
Amount of capital and reserves:	EUR 9,380,273

Name:	Global Funds Trust Company
Registered office:	c/o Maples & Calder
	P.O. Box 309, Ugland House
	George Town, Grand Cayman
Proportion of the capital held:	100%
Amount of capital and reserves:	EUR 3,346,310

As of 31.03.2021, the total unrealised gains or losses related to equity instruments ‘other unlisted securities’ amount to EUR 52,290.

It is also worth noting that the Bank did not have any realised gains or losses arising from sales and liquidations of equity instruments during the period.

6. Market risk

Market risk is defined as the risk of losses arising from movements in market prices. The risks subject to market risk include but are not limited to:

1. Default risk, interest rate risk, credit spread risk, equity risk, foreign exchange (FX) risk and commodities risk for trading book instruments; and

2. FX risk and commodities risk for banking book instruments.

6.1 Market risk governance

Market risk is managed in accordance with the Market Risk Management Policy, which defines the fundamental principles, framework and governance for the management of market risk.

RMD is responsible for developing and maintaining the framework and methodology to identify, measure, monitor and report market risk in accordance with the Market Risk Management Policy. This also includes the development of the market risk appetite.

The FX Dealing Department ('FXD') is responsible for the management of the Bank's open FX position, in accordance with the Market Risk Management Policy and the Open Currency Position Policy. In addition, ACC is responsible for prudential reporting to the Bank's regulators.

NBL does not keep any trading activity and only the FX Forwards activity with their clients generates positions to be evaluated against market prices. For this activity, NBL has defined a zero exposure policy that leads to fully hedge all the positions opened with clients, back to back with market counterparties.

Furthermore, the Bank's limits for the Open Currency Position (the overall net foreign-exchange position calculated in accordance with Article 352 of the CRR) allows NBL to stay below the threshold requiring maintaining capital charges for market risk

6.2 Market risk capital requirements

The Bank does not have capital requirements as defined in accordance with Part Three, Title IV, Chapters 2 to 4 of the CRR.

6.3 FX risk

FXD is required to respect the FX back-to-back principle. Besides, RMD monitors FX sensitivity on a monthly basis.

7. Interest rate risk in the banking book

Interest rate risk in the banking book ('IRRBB') is inherent to the banking activity. It refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect the bank's banking book positions. When interest rates change, the present value and timing of future cash flows change. This in turn changes the underlying value of a bank's assets, liabilities and off-balance sheet items and hence its economic value. Changes in interest rates also affect a bank's earnings by altering interest rate-sensitive income and expenses, affecting its net interest income ('NII'). Excessive IRRBB can pose a significant threat to a bank's current capital base and/or future earnings if not managed appropriately.

NOMURA

7.1 IRRBB governance

IRRBB is managed in accordance with the IRRBB Management Policy, which defines its fundamental principles, framework and governance.

RMD is responsible for developing and maintaining the framework and methodology to identify, measure, monitor and report IRRBB in accordance with the IRRBB Management Policy. This also includes the development of the IRRBB appetite.

The Liquidity Management Department ('LMD') is responsible for the management of the Bank's investments. Additionally, the Monthly Interest Review Meeting ('MIRM') is responsible for the definition and monitoring of the remuneration of the client's deposits.

NBL aims at maintaining a low exposure to the IRRBB, and does not speculate against future interest rate scenarios. The Asset and Liabilities Committee analyses the expected evolution of market interest rates to ensure the Bank's investments are not negatively impacted.

7.2 IRRBB capital requirements

Following the CRR, IRRBB is evaluated in the ICAAP process as part of the risks not covered by Pillar I capital requirements but by Pillar II capital requirements.

7.3 IRRBB management

NBL has implemented an interest rate risk framework in accordance with its business model and its interest rate risk exposure, where stress testing is used as the primary technique to measure IRRBB. The stress tests used include the regulatory +/-200bp parallel moves and other scenarios as appropriate to ensure the key interest rate risks in the Banking Book are captured. The impact of IRRBB is monitored by RMD.

Error! Reference source not found. here below discloses the results of the latest standard regulatory stress-test analysis (performed as-of 31.03.2021) in accordance with the EBA guidelines July 19th, 2018 ('EBA/GL/2018/02')

	Scenario 2 +200 bps	**Scenario 7 Short Up**	**Scenario 3 Parallel Shock up**
PV Variation	-2,624,135	-2,402,428	-1,946,458
Capital Impact	-0.82%	-0.75%	-0.61%

	Scenario -200 bps
Earnings Variation	-431,937
Earnings Impact	4.8%

Table 19: IRRBB standard shocks

8. Operational risk

Operational risk is the risk of losses 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 NBL's reputation if caused by an operational risk event.

8.1 Operational risk governance

Operational risk is managed in accordance with the Operational Risk Management Policy which defines its fundamental principles, framework and governance.

RMD is responsible for maintaining the framework and methodology for the identification, assessment, management, monitoring and reporting of operational risk. It provides periodic reporting on operational risk to the Risk Management Committee on a monthly basis and to the Board of Directors at least on a semi-annual basis. RMD also reports on a daily basis the operational risk events to the ExCom, regardless of their financial impact.

Besides, each NBL business units own and manage their risks. The business units are responsible for ensuring they meet their responsibilities in implementing the core ORM products and services.

The framework supporting the operational risk management is based on the following tools:

1. Operational Risk Event Reporting: This process is used to identify, assess and report any event which resulted in or had the potential to result in a loss or gain or other impact associated with inadequate or failed internal processes, people and systems, or from external events. Operational risk events identified by the business are required to be reported to RMD.
2. Risk and Control Self-Assessment ('RCSA'): This process is used to identify the inherent risks the business faces, the key controls associated with those risks and the relevant actions to mitigate the residual risks. RMD is responsible for maintaining the RCSA process and supporting the business in its implementation. The business units are responsible for identifying, assessing and managing their own RCSAs and are the formal owner of those RCSAs.
3. Key Risk Indicators ('KRIs'): These metrics are used to monitor the business' exposure to operational risk. RMD support the business units in the implementation of appropriate KRIs. Business units must consider KRIs for all risks rated high on an inherent basis in RCSAs.
4. Scenario analysis: This process is used to assess potential high impact, low likelihood, tail risks, and agree actions to improve controls where required. RMD selects which scenarios to run based on inputs arising from emerging risks, RCSAs, operational risk events, in conjunction with input and discussion from the business and establishes who will participate in the process.

8.2 Calculation of the regulatory capital requirement

The Bank applies the Basic indicator approach ('BIA') in order to calculate the regulatory capital requirements for operational risk. Under this approach, the Bank's capital requirements for operational risk are calculated as 15% of the average over three years of the relevant basic indicator in accordance with Article 316 of the CRR.

Situation as of 31 March 2021	Total operational risk exposure	Total capital requirements
Basic indicator approach (BIA)	145,055,304	11,604,424

Table 20: Operational risk exposures and capital requirements

9. Liquidity risk

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. 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.

9.1 Liquidity risk governance

Liquidity risk is managed in accordance with the Liquidity Risk Management Policy which defines its fundamental principles, framework and governance.

RMD is responsible for developing and maintaining the framework and methodology to identify, measure, monitor and report Liquidity Risk in accordance with the Liquidity Risk Management Policy.

Besides, ACC is responsible for liquidity risk prudential reporting to the Bank's regulators, while the NBL Assets and Liabilities Committee ('ALCO') is responsible for liquidity and capital management oversight, and LMD is responsible for the management of the Bank's Liquidity Risk, in accordance with the Liquidity Risk Management Policy and the NBL Investment Policy.

The NBL approach to liquidity risk management is founded on the objective of prudent liquidity management. In particular, the Bank aims at maintaining sufficient liquidity to meet all contractual and contingent liabilities as they fall due, including during a period of stress. Additionally, NBL aims at keeping assets under custody fully available to its clients (highly liquid) while seeking the most appropriate trade-off between risk and return on their usage. The restrictions imposed in the Risk Appetite Statement and in the NBL Investment Policy are designed to meet these overarching goals.

RMD monitors the Bank's liquidity risk by mean of internally designed liquidity stress tests and regulatory metrics, such as the Liquidity Coverage Ratio ('LCR'). The Maximum Cumulative Outflow ('MCO') is the Bank's primary internal tool to measure and monitor liquidity risk on a daily basis. Additionally LMD is required to maintain a Liquidity Buffer of high quality liquid assets ('HQLA').

9.2 Internal Adequacy Assessment Process ('ILAAP')

The appropriateness of the Bank's liquidity is assessed through stress tests as part of the annual ILAAP. The ILAAP requires the Bank to qualitatively and quantitatively assess its liquidity risk management framework, including its funding strategy, its liquidity risk governance and controls, the adequacy of the liquidity buffer and of the contingency funding plan.

Based on the ILAAP, it is concluded that NBL has an adequate liquidity risk management framework in regards of its business activity and complexity. Additionally the Bank holds sufficient liquidity to meet cash flows in normal and stressed conditions as modelled under internal and regulatory stress tests.

9.3 Contingency Funding Plan ('CFP')

The CFP defines action plans to manage a range of stressed environments, establishes clear lines of responsibility and includes clear invocation and escalation procedures. The CFP can be triggered by either qualitative or quantitative triggers.

The CFP is tested and reviewed jointly by LMD and RMD at least on an annual basis.

9.4 Liquidity Coverage Ratio ('LCR')

The LCR is the main short-term liquidity reference indicator and requires the Bank to hold sufficient High Quality Liquid Assets ('HQLA') in order to cover its total net cash outflows over 30 days.

In compliance with the EBA 'Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013' and the Article 435(1)(f) of the CRR, Table 21 here below discloses the LCR from 30 June 2020 until 31 March 2021. As shown in the table, NBL is compliant with the regulatory LCR requirements whereby the minimum ratio level must be 100%.

In EUR	Total Unweighted value				Total Weighted value			
	30 June 2020	30 September 2020	31 December 2020	31 March 2021	30 June 2020	30 September 2020	31 December 2020	31 March 2021
HIGH QUALITY LIQUID ASSETS (HQLA)								
Total High Quality Liquid Assets (HQLA)					**1,115,372,671**	**1,220,221,499**	**1,291,159,157**	**1,219,528,782**
CASH - OUTFLOWS								
Retail deposits and deposits from small business customers	-	-	-	-	-	-	-	-
of which: Stable deposits	-	-	-	-	-	-	-	-
of which: Less stable deposits	-	-	-	-	-	-	-	-
Unsecured wholesale funding	2,478,351,254	2,398,742,050	2,463,588,192	2,590,156,593	1,305,146,263	1,411,922,058	1,513,402,095	1,572,008,811
of which: Operational deposits (all counterparties) and deposits in networks of cooperative banks	*1,564,273,321*	*1,315,759,990*	*1,266,914,796*	*1,357,530,377*	*391,068,330*	*328,939,997*	*316,728,699*	*339,382,594*
of which: Non-operational deposits (all counterparties)	*912,333,231*	*1,082,737,998*	*1,196,406,680*	*1,232,394,860*	*912,333,231*	*1,082,737,998*	*1,196,406,680*	*1,232,394,860*
of which: Unsecured debt	*1,744,702*	*244,063*	*266,716*	*231,357*	*1,744,702*	*244,063*	*266,716*	*231,357*
Secured wholesale funding					-	-	-	-
Additional requirements	300,071,627	287,760,581	308,852,949	342,156,922	300,071,627	287,760,581	308,852,949	342,156,922
of which: Outflows related to derivative exposures and other collateral requirements	*300,071,627*	*287,760,581*	*308,852,949*	*342,156,922*	*300,071,627*	*287,760,581*	*308,852,949*	*342,156,922*
of which: Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
of which: Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	9,438,499	10,006,218	14,435,817	6,057,398	9,438,499	10,006,218	14,435,817	6,057,398
Other contingent funding obligations	-	-	-	-	-	-	-	-
Total cash outflows					**1,614,656,389**	**1,709,688,857**	**1,836,690,861**	**1,920,223,131**
CASH – INFLOWS								
Secured lending (e.g. reverse repos)	287,027,647	273,706,644	149,235,475	178,410,234	117,105,539	49,400,917	51,571,913	32,669,020
Inflows from fully performing exposures	910,192,169	678,505,932	714,810,645	912,529,984	910,180,331	678,493,910	714,799,052	912,519,072
Other cash inflows	114,851,236	197,306,530	262,583,920	230,475,323	114,851,236	197,306,530	262,583,920	230,475,323
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
(Excess inflows from a related specialised credit institution)					-	-	-	-
Total cash inflows	1,312,071,052	1,149,519,106	1,126,630,039	1,321,415,540	1,142,137,106	925,201,357	1,028,954,885	1,175,663,415
of which: Fully exempt inflows	-	-	-	-	-	-	-	-
of which: Inflows subject to 90% cap	-	-	-	-	-	-	-	-
of which: Inflows subject to 75% cap	*1,312,071,052*	*1,149,519,106*	*1,126,630,039*	*1,321,415,540*	*1,142,137,106*	*925,201,357*	*1,028,954,885*	*1,175,663,415*
Liquidity Buffer					**1,115,372,671**	**1,220,221,499**	**1,291,159,157**	**1,219,528,782**
Total net cash outflows					**472,519,283**	**784,487,500**	**807,735,976**	**744,559,715**
Liquidity Coverage Ratio (%)					**236.05%**	**155.54%**	**159.85%**	**163.79%**

Table 21: Liquidity Coverage Ratio

10. Asset Encumbrance

An encumbered asset is an asset pledged or subjected to any form of arrangement to secure, collateralize or credit-enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn. Assets pledged that are subject to any restrictions in withdrawal, such as assets that require prior approval before withdrawal or replacement by other assets, are considered encumbered.

RMD monitors the Asset Encumbrance as part of its liquidity risk monitoring framework. Both the LCR and the MCO incorporate assumptions related to asset encumbrance.

In compliance with Article 443 of the CRR and the EBA 'Guidelines on disclosure of encumbered and unencumbered assets' (2014/03), Table 22, Table 23 and Table 24 here below disclose quantitative information [1] on encumbered and unencumbered assets, collateral received and the sources of encumbrance. As per regulations, the following types of contracts should be considered as encumbered:

- Secured financing transactions, including repurchase contracts and agreements, securities lending and other forms of secured lending;
- Collateral agreements, for instance, collateral placed for the market value of derivatives transactions;
- Financial guarantees that are collateralised;
- Collateral placed in clearing systems, with central counterparties ('CCPs') and with other infrastructure institutions as a condition for access to service (this includes default funds and initial margins);
- Central bank facilities (pre-positioned assets should be considered unencumbered only if the central bank allows withdrawal of assets placed without prior approval);
- Underlying assets from securitisation structures, where the financial assets have not been derecognised from the institution's financial assets (assets that are underlying fully retained securities do not count as encumbered, unless these securities are pledged or collateralised in any way to secure a transaction);
- Assets in cover pools used for covered bond issuance (assets that are underlying covered bonds count as encumbered, except in certain situations where the institution holds the corresponding covered bonds as referred to in Article 33 of the CRR).

The Bank has encumbered assets stemming from Reverse Repurchase agreements and collateral agreements.

In EUR	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
Loans on demand	62,831,123		852,983,705	
Equity instruments	-	-	14,759,392	14,759,392
Debt securities	113,846,177	113,846,177	569,301,011	569,301,011
Loans and advances other than loans on demand	-		1,223,835,625	
Other assets	-		223,837,488	
Total Assets of the reporting institution	**176,677,300**		**2,884,717,221**	

Table 22: Encumbered and unencumbered assets

[1] Pursuant to EBA Guidelines 2014/03, these tables disclose median values calculated based on NBL's last 4 quarterly reports on asset encumbrance.

In EUR	Fair value of encumbered collateral received or own debt securities issued	Non-encumbered Fair value of collateral received or own debt securities issued available for encumbrance	Nominal of collateral received or own debt securities issued non available for encumbrance
Collateral received by the reporting institution	56,690,738	237,421,140	-
Loans on demand	-	-	-
Equity instruments	-	6,735,629	-
Debt securities	56,690,738	230,685,511	-
Loans and advances other than loans on demand	-	-	-
Other collateral received	-	-	-
Own debt securities issued other than own covered bonds or ABSs	-	-	-
Total assets, collateral received and own debt securities issues	**233,368,038**		

Table 23: Encumbered assets – Collateral received

In EUR	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	**181,829,845**	**18,098,116**
Derivatives	181,829,845	18,098,116
Deposits	-	-
Debt securities issued	-	-
Other sources of encumbrance	**406,800,255**	**215,269,921**
Nominal of loan commitments received	340,939,500	113,846,176
Nominal of financial guarantees received	3,029,632	-
Fair value of securities borrowed with non-cash collateral	-	-
Other	62,831,123	101,423,745
Total sources of encumbrance	**588,630,100**	**233,368,037**

Table 24: Sources of encumbrance

11. Leverage ratio

The CRR and CRD IV framework introduced a non-risk based leverage ratio in the aim to act as a supplementary measure to the risk based capital requirements. The leverage ratio indicates the level of capitalization of the Bank in comparison with its total exposure. The leverage ratio is equal to the Tier 1 Capital divided by the total of on-balance sheet and off-balance sheet exposures. According to CRD IV rules, NBL leverage ratio stands at 9.91% as of end of March 2021 (as compared to 9.43% as of end of March 2020).

In compliance with Regulation (EU) 2016/200, the tables here below disclose the reconciliation of accounting assets and leverage ratio exposures (Table 25), the breakdown of on-balance sheet exposures (Table 26) and the leverage ratio common disclosures (Table 27).

In EUR	Applicable amount
Total assets as per published financial statements	**3,251,303,383**
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	-
Adjustments for derivative financial instruments	(187,350,571)
Adjustment for securities financing transactions (SFTs)	(2,498,651)
Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	(9,874,760)
(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-
(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	-
Other adjustments	179,033,096
Leverage ratio total exposure measure	**3,230,612,497**

Table 25: Summary reconciliation of accounting assets and leverage ratio exposures

In EUR	Leverage exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**2,958,526,855**
Trading book exposures	-
Banking book exposures	2,958,526,855
of which: Covered bonds	-
of which: Exposures treated as sovereigns	*1,200,067,918*
of which: Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
of which: Institutions	*1,465,556,691*
of which: Secured by mortgages of immovable properties	-
of which: Retail exposures	*490,609*
of which: Corporate	*262,905,742*
of which: Exposures in default	-
of which: Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	*29,505,895*

Table 26: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

In EUR	Leverage exposures
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	3,039,291,290
(Asset amounts deducted in determining Tier 1 capital)	(8,402,774)
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	3,030,888,516
Derivative exposures	
Replacement cost associated with all derivatives transactions	167,295,503
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	97,318,482
Exposure determined under Original Exposure Method	-
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(77,263,414)
(Exempted CCP leg of client-cleared trade exposures)	-
Adjusted effective notional amount of written credit derivatives	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
Total derivatives exposures	**187,350,571**
SFT exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
Counterparty credit risk exposure for SFT assets	2,498,651
Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	-
Agent transaction exposures	-
(Exempted CCP leg of client-cleared SFT exposure)	-
Total securities financing transaction exposures	**2,498,651**
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	9,874,760
(Adjustments for conversion to credit equivalent amounts)	-
Other off-balance sheet exposures	**9,874,760**
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	
(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-
(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
Capital and total exposure measure	
Tier 1 capital	**320,222,447**
Leverage ratio total exposure measure	**3,230,612,498**
Leverage ratio	
Leverage ratio	**9.91%**
Choice on transitional arrangements and amount of derecognised fiduciary items	
Choice on transitional arrangements for the definition of the capital measure	Fully Phased-In
Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	-

Table 27: Leverage ratio common disclosure

11.1 Movements in Leverage Exposure over the period

Compared to the figure reported as of end of March 2020 (9.43%), the leverage ratio as of end of March 2021 is fairly stable.

11.2 Management of the risk of excessive leverage

NBL approach in managing the risk of excess leverage is based on the following controls and principles:

- Weekly capital monitoring: the Bank's Total Capital Ratio is estimated and monitored weekly and reported to ExCom.
- Risk Appetite: The Leverage Ratio is part of the Bank's risk appetite with an internal limit set higher than the regulatory limit.
- Funding Strategy: Liquidity is managed daily on a self-sufficiency basis, given no reliance is placed on external funding. NBL does not finance any activities other than custody services provided to its clients and the principal source of liquidity is clients' cash deposits.
- Daily Large Exposures monitoring: allowing the control of excessive concentration to largest counterparties.
- NPAC: new products are reviewed to ensure among others that capital impacts are taken into account.

12. Remuneration

The Board of Directors has implemented a Remuneration Policy providing guidelines on compensation and benefits at NBL in line with its activities, objectives, values and long-term interests.

The Remuneration Policy promotes sound and effective risk management and does not encourage excessive risk-taking. It strives to support NBL's business, risk, and Human Resources strategies.

Remuneration proposals for all staff members at NBL are determined during the annual review process by local ExCom & HR Committee in consensus with the Board of Directors.

The Board of Directors determines and oversees the remuneration of the Authorized Managers of the Bank and the Head of Control Functions together with the Audit Committee.

The Audit Committee deliberates on a regular basis on the quality of the work carried out by the internal control functions and is involved in the appraisal process of the Chief Compliance Officer, the Chief Risk Officer and the Chief Internal Auditor.

All proposals remain subject to confirmation by the Group Compensation Committees outside Luxembourg.

12.1 Proportionality principle

In accordance with the article 5 of the CSSF Circular 11/505, NBL applies the proportionality principle on the institution level given its risk profile, risk appetite, strategy, type of activities performed, size of its balance sheet and capital requirements. As such, NBL neutralizes the following requirements:

- Part of variable remuneration payable in financial instruments;
- Partial deferral of the variable remuneration;
- Application of malus and claw back instruments on previously granted variable remuneration;
- Creation of a remuneration committee.

12.2 Compensation Committees

Formal compensation committees are in place, both at European and Global level. These committees approve Group Compensation policies. They review any bonus decisions on business division, regional and individual basis.

At NBL, the ExCom & HR Committee is responsible for the proper supervision of compensation at the local level. It is composed of ExCom members and the Head of HR and is held on a quarterly basis. Control Functions (Risk, Compliance and Internal Audit) prepare a quarterly report to the ExCom & HR Committee that includes relevant metrics such as compliance breaches, risk breaches or internal audit report ratings.

The NBL ExCom & HR Committee reviews performance ratings, market compensation data and compensation elements for all local staff members. Based on these assessments and considering proposals from functional unit Heads, the Committee feeds further final proposals on all base salaries and bonus payments for all local staff members in compliance with the Remuneration Policy, into the Group Compensation Committees outside Luxembourg.

NBL neutralizes the requirement to have a Remuneration Committee since NBL applies proportionality on the institution level. Therefore, the 'ExCom & HR Committee' shall not be considered as a Remuneration Committee as per the law and the EBA guidelines.

During the year, Merit meetings and Compensation Control meetings have been held with the ExCom & HR Committee.

12.3 Fixed remuneration

The initial fixed remuneration of staff is set following the mandatory requirements of the CBA and criteria such as the employee’s job description, skills, knowledge and experience. Subsequent compensation decisions at NBL are also based on merit (set of technical, behavioural and social skills which enable the staff member to perform work) reflecting the individuals’ performance during the past year.

12.4 Variable remuneration

The bonus pool is approved by Nomura Group based on the quality of service delivered during the past year and the expected financial results of the company. Individual bonus amounts are influenced by individuals' performance appraisals, their presences’ ratio during the review period and the individual’s hierarchical level and responsibilities.

Fixed remuneration is reflecting relevant professional experience and organisational responsibility while variable remuneration reflects performance in excess of that. It is only paid or vested if financially sustainable for NBL. The variable remuneration is aligned with the profit situation of NBL during any period considering its long term health. Furthermore, the total variable remuneration shall not limit the ability of NBL to strengthen its capital basis.

NBL is considering paying rather conservative variable amounts, reflecting its business model and limited individual impact on operational results. Consequently the variable payments at NBL will always and for all roles and hierarchical levels, including material risk takers, remain below the 100% of fixed remuneration ratio as defined by CRD IV and Article 94(1)(g) of Directive 2013/36/EU. Such ratio was not reached or exceeded during the period by any staff member.

NBL’s objectives are related to quality aspects reflecting its mission to deliver the best possible administrative services to its clients being mostly the Nomura Group. This being said, staff members may also have quantitative, financial target figures set in their objectives as the basis for the annual performance appraisal. However, such objectives may only strive for cost efficiency or for a better service, indirectly attracting more business for the Bank.

NBL does not apply any scheme of remuneration in shares and options. In case of need, NBL may make use of corresponding existing group schemes.

The variable remuneration is not a contractual right and it is paid at the discretion of the ExCom in consensus with the Board of Directors as confirmed by the Compensation Committees on European and global level.

12.5 Deferral policy

Deferred compensation should be subject to forfeiture or ‘clawback’ in the event of a material restatement of earnings or other significant harm to the business of Nomura. For higher paid executives and employees, a significant portion of compensation is deferred, balancing short-term interests with longer-term stewardship of the Group.

The percentage of deferral increases as an employee's total compensation increases. A part of deferred compensation is delivered in mid/long-term incentive plans, such as equity-based compensation with appropriate non-exercise periods.

12.6 Identified staff remunerated EUR 1 million or more per financial year

No staff member has been remunerated EUR 1 million or more during the financial year.

12.7 Recruitment and diversity policy

The Bank is devoted to creating an inclusive culture and is committed to promoting diversity across its business and ensuring that individuals or groups are not discriminated against. NBL's principles apply across all areas including training, promotion, transfer and pay and benefits, performance appraisal and recruitment process. This is also in line with the Nomura Group Diversity and Inclusion statement, which highlights that Nomura is committed to fostering the corporate culture which respects our people's values regardless of their background, such as gender, nationality, ethnic origin, age, sexual orientation or gender identity.

12.8 Quantitative information

Pursuant to the article 450 (g) and (h) of the CRR, Table 28 and Table 29 here below disclose the aggregate quantitative information on remuneration broken down by business area and aggregate quantitative information on remuneration broken down by senior management and members of staff whose actions have a material impact on the risk profile of the Bank.

In EUR	Senior Management	Other Identified Staff
Members (Headcount)	**4**	
Number of identified staff in FTE		28
Number of identified staff in senior management positions		-
Total Fixed	**816,225**	**3,405,643**
of which: fixed in cash	*677,072*	*3,405,643*
of which: fixed in shares and share- linked instruments	-	-
of which: fixed in other types instruments	-	-
Total variable remuneration	**198,573**	**425,096**
of which: variable in cash	*184,080*	*425,096*
of which: variable in shares and share-linked instruments	*14,493*	-
of which: variable in other types instruments	-	-
Total amount of variable remuneration awarded in year N which has been deferred	**14,493 -**	**-**
of which: deferred variable in cash in year N	-	-
of which: deferred variable in shares and share-linked instruments in year N	-	-
of which: deferred variable in other types of instruments in year N	-	-
Additional information regarding the amount of total variable remuneration	9,734 -	-
Article 450 h(iii)CRR – total amount of outstanding deferred variable remuneration awarded in previous periods and not in year N	-	-
Total amount of explicit ex post performance adjustment applied in year N for previously awarded remuneration	-	-
Number of beneficiaries of guaranteed variable remuneration (new sign-on payments)	-	-
Total amount of guaranteed variable remuneration (new sign-on payments)	**-**	**-**
Number of beneficiaries of severance payments	-	-
Total amount of severance payments paid in year N	-	-
Article 450 h(v) – Highest severance payment to a single person	-	-

Table 28: Quantitative information on remuneration for senior Management and identified staff

	Management Body Supervisory function	Management Body Management function	Investment banking	Retail banking	Asset management	Corporate functions	Independent control functions	All other
Number of members (Headcount)	1	4						
Total number of staff in FTE			-	-	8	59	17	228
Total remuneration (in EUR)	58,500	1,014,828	-	-	927,113	5,266,677	1,411,458	17,308,544
Of which: variable remuneration (in EUR)	-	*198,573*	-	-	*88,400*	*344,624*	*62,085*	*1,188,305*

Table 29: Quantitative information on remuneration broken down by business area

13. Appendices

13.1 Disclosure on own funds

Annex IV of Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013[2]		Amount at disclosure date	REGULATION (EU) No 575/2013 Article Reference
1	Capital instruments and the related share premium accounts	28,000,000	26 (1), 27, 28, 29, EBA list 26 (3)
	of which : Instrument type 1[3]	28,000,000	EBA list 26 (3)
	of which : Instrument type 2	-	EBA list 26 (3)
	of which : Instrument type 3	-	EBA list 26 (3)
2	Retained earnings	231,745,823	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	83,458,520	26 (1)
3a	Funds for general banking risk	-	26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	486 (2)
	Public sector capital injections grandfathered until 1 January 2018	-	483 (2)
5	Minority interests (amount allowed in consolidated CET1)	-	84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-	26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**342,204,344**	**Sum of rows 1 to 5a**
Common Equity Tier 1 (CET1) capital : Regulatory adjustments			
7	Additional value adjustments (negative amount)	(772,276)	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	(8,402,774)	36 (1) (b), 37, 472 (4)
9	Empty set in the EU	-	
10	Deferred tax assets that rely on future probability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 472 (5)
11	Fair value reserves related to gains or losses on cash flow hedges	-	33 (a)
12	Negative amounts resulting from the calculation of expected loss amounts	-	36 (1) (d), 40, 159, 472 (6)
13	Any increase in equity that results from securitised assets (negative amount)	-	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from charges in own credit standing	-	33 (b)
15	Defined-benefit pension fund assets (negative amount)	-	36 (1) (e), 41, 472 (7)

[2] Considering that the Bank holds Common Equity Tier 1 (CET1) capital instruments only, NBL decided not to present in this table the rows related to the details of Additional Tier 1 (AT1) capital and Tier 2 (T2) capital.

[3] As of 31 March 2021 and 2020, the Bank's authorised, 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.

16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(12,806,847)	37 (1) (f), 42, 472 (8)
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	37 (1) (g), 44, 472 (9)
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20	Empty set in the EU	-	
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	36 (1) (k)
20b	of which : qualifying holdings outside the financial sector (negative amount)	-	36 (1) (k) (i), 89 to 91
20c	of which : securitisation positions (negative amount)	-	36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which : free deliveries (negative amount)	-	36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary differences (amount above the 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	Amount exceeding the 15% threshold (negative amount)	-	48 (1)
23	of which : direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	36 (1) (i), 48 (1) (b), 470, 472 (11)
24	Empty set in the EU	-	
25	of which : deferred tax assets arising from temporary differences	-	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a	Losses for the current financial year (negative amount)	-	36 (1) (a), 472 (3)
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	36 (1) (l)
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-	
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-	
	of which : unrealised loss (AFS)	-	467
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	481
	of which : ...	-	481
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	36 (1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(21,981,897)**	
29	**Common Equity Tier 1 (CET1) capital**	**320,222,447**	
Additional Tier 1 (AT1) capital : Instruments			
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**-**	
Additional Tier 1 (AT1) capital : Regulatory adjustments			
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-**	
44	**Additional Tier 1 (AT1) capital**	**-**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**320,222,447**	
Tier 2 (T2) capital : Instruments and provisions			

51	Tier 2 (T2) capital before regulatory adjustments	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	
58	Tier 2 (T2) capital	-	
59	Total capital (TC = T1 + T2)	320,222,447	
60	Total risk weighted assets	834,191,355	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	38.39%	92 (2) (a), 465
62	Tier 1 (as a percentage of risk exposure amount	38.39%	92 (2) (b), 465
63	Total capital (as a percentage of risk exposure amount)	38.39%	92 (2) (c)
64	Institution specific buffer requirements (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	2.53%	CRD 128, 129, 130
65	of which : capital conservation buffer requirement	2.53%	
66	of which : countercyclical buffer requirement	0.03%	
67	of which : systemic risk buffer requirement	0.00%	
67a	of which : Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.00%	CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	30.39%	CRD 128

Table 30: Disclosure on own funds

13.2 List of tables

13.3 Compliance checklist

Article	Description	Reference to the report
435	**Risk management objectives and policies**	
435 (1) (a)	Strategies and processes to manage risks	3, 5.1, 6.1, 7.1, 8.1
435 (1) (b)	Risk management structure and organization	2.3, 3
435 (1) (c)	Scope and nature of risk reporting and measurement systems	5.1, 6.1, 7.1, 8.1
435 (1) (d)	Policies for hedging and mitigating risk	5.1, 5.2, 6.1, 7.1, 8.1
435 (1) (e)	Declaration of the management body on the adequacy of risk management arrangements	3.4
435 (1) (f)	Concise risk statement approved by the management body	3
435 (2) (a)	Number of directorships held by members of the management body	2.4
435 (2) (b)	Recruitment policy for the selection of members of the management body	Not available
435 (2) (c)	Policy on diversity with regard to selection of members of the management body	Not available
435 (2) (d)	Separate risk committee and number of times it has met	2.3, 11.2
435 (2) (e)	Description of the information flow on risk to the management body	2.3, 5.1, 6.1, 7.1, 8.1
436	**Scope of application**	
436 (a)	Name of the institution	1
436 (b)	Difference in the basis of consolidation for accounting and prudential purposes	2
436 (c)	Impediments to fund transfers	Not applicable
436 (d)	Potential capital shortfalls in unconsolidated subsidiaries	Not applicable
436 (e)	Derogation to the application of prudential requirements	Not applicable
437	**Own funds**	
437 (1) (a)	Full reconciliation of own funds and the balance sheet in the audited financial statements	12.1
437 (1) (b)	Description of the main features of own funds instruments	4.1
437 (1) (c)	Full terms and conditions of own funds instruments	12.1
437 (1) (d)	Disclosure of the nature and amounts of items deducted from own funds	4.1
437 (1) (e)	Description of all restrictions applied to the calculation of own funds	4.1
437 (1) (f)	Comprehensive explanation of the basis on which own funds are determined (if different from CRR treatment)	Not applicable
438	**Capital requirements**	
438 (a)	Summary of the approach to assessing the adequacy of internal capital to support current and future activities	4.3
438 (b)	Result of the ICAAP (upon demand from the relevant competent authority)	Not applicable
438 (c)	Capital requirements for credit risk for each exposure class of Article 112	4.4
438 (d)	Capital requirements for credit risk for each exposure class of Article 147	Not applicable
438 (e)	Capital requirements for position risk, large exposures, foreign-exchange risk, settlement risk and commodities risk	4.4

Article	Description	Reference to the report
438 (f)	Capital requirements for operational risk	4.4
439	**Exposure to counterparty credit risk**	
439 (a)	Methodology used to assign internal capital and credit limits for counterparty credit exposures	5.1
439 (b)	Policies for securing collateral and establishing credit reserves	5.2
439 (c)	Policies with respect to wrong-way risk exposures	5.2
439 (d)	Impact of the amount of collateral to provide in case of a credit rating downgrade	Not applicable
439 (e)	Gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held and net derivatives credit exposures	5.4.6
439 (f)	Measures for exposure value	5.4.6
439 (g)	Notional value of credit derivative hedge and distribution of current credit exposure by types of credit exposure	Not applicable
439 (h)	Notional amounts of credit derivative transactions	Not applicable
439 (i)	Estimate of alpha	Not applicable
440	**Capital buffers**	
440 (1) (a)	Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	4.5.2
440 (1) (b)	Amount of the specific countercyclical capital buffer	4.5.2
441	**Indicators of global systemic importance**	Not applicable
442	**Credit risk adjustments**	
442 (a)	Definitions of 'past due' and 'impaired'	5.3
442 (b)	Description of the approaches and methods for determining specific and general credit risk adjustments	5.4.4
442 (c)	Total and average amounts of exposures by exposure class	5.4
442 (d)	Geographical distribution of exposures	5.4.1
442 (e)	Distribution of exposures by industry or counterparty type	5.4.2
442 (f)	Residual maturity breakdown of exposures by exposure class	5.4.3
442 (g)	Distribution of impaired and past due exposures and credit risk adjustments by industry or counterparty type	5.4.4
442 (h)	Geographical breakdown of impaired and past due exposures and credit risk adjustments	5.4.4
442 (i)	Reconciliation of changes in credit risk adjustments for impaired exposures	5.4.4
443	**Unencumbered assets**	**9**
444	**Use of ECAIs**	
444 (a)	Names of nominated ECAIs	5.4
444 (b)	Exposure classes for which ECAIs are used	5.4
444 (c)	Description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book	Not applicable
444 (d)	Mapping between external ratings and credit quality steps	5.4
444 (e)	Exposure values associated with each credit quality step	5.4.5
445	**Exposure to market risk**	

Article	Description	Reference to the report
445	Capital requirements for position risk, large exposures, foreign-exchange risk, settlement risk and commodities risk	6
446	**Operational risk**	
446	Description of the methodology used for operational risk	7
447	**Exposures in equities not included in the trading book**	
447 (a)	Differentiation between equity exposures based on their objectives	Not applicable
447 (b)	Equity exposures balance sheet value and fair value	5.4.7
447 (c)	Breakdown of equity exposures by type and nature	5.4.7
447 (d)	Cumulative realised gains or losses arising from sales and liquidation of equity exposures	5.4.7
447 (e)	Total unrealised gains or losses and latent reevaluation gains or losses of equity exposures	5.4.7
448	**Exposure to interest rate risk on positions not included in the trading book**	
448 (a)	IRRBB key assumptions and frequency of measurement	6.2
448 (b)	IRRBB variation in earnings and economic value, broken down by currency	6.2
449	**Securitisation activity**	Not applicable
450	**Remuneration policy**	
450 (1) (a)	Decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;.	11.2
450 (1) (b)	Information on link between pay and performance	11.3, 11.4
450 (1) (c)	Most important design characteristics of the remuneration system, criteria used for performance measurement, deferral policy	11
450 (1) (d)	Ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU	11.4
450 (1) (e)	Information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based	11.4
450 (1) (f)	Main parameters and rationale for any variable component scheme and any other non-cash benefits	11.4
450 (1) (g)	Aggregate quantitative information on remuneration, broken down by business area	11.8
450 (1) (h)	Aggregate quantitative information on remuneration, broken down by senior management and members of staff with material impact	11.8
450 (1) (h) (i)	Amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries	11.8
450 (1) (h) (ii)	Amounts and forms of variable remuneration, split into cash, shares, share-linked instruments and other types	11.8

Article	Description	Reference to the report
450 (1) (h) (iii)	Amounts of outstanding deferred remuneration, split into vested and unvested portions	11.8
450 (1) (h) (iv)	Amounts of deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments	11.8
450 (1) (h) (v)	New sign-on and severance payments made during the financial year, and the number of beneficiaries of such payments	11.8
450 (1) (h) (vi)	Amounts of severance payments awarded during the financial year, number of beneficiaries and highest such award to a single person	11.8
450 (1) (i)	Number of individuals being remunerated EUR 1 million or more per financial year	11.6
450 (1) (j)	Total remuneration for each member of the management body or senior management (upon demand)	Not applicable
451	**Leverage ratio**	
451 (1) (a)	Leverage ratio per article 499(2) and (3)	10
451 (1) (b)	Breakdown of total exposure measure and reconciliation with financial statements	10
451 (1) (c)	Amount of derecognised fiduciary items	Not applicable
451 (1) (d)	Description of the process used to manage the risk of excessive leverage	10.2
451 (1) (e)	Description of the factors that had an impact on the leverage ratio during the period covered by the report	10.1
452	**Use of the IRB Approach to credit risk**	Not applicable
453	**Use of credit risk mitigation techniques**	
453 (a)	Policies and processes for on- and off-balance sheet netting	5.2
453 (b)	Policies and processes for collateral valuation and management	5.2
453 (c)	Description of the main types of collateral taken by the institution	5.2
453 (d)	Main types of guarantor and credit derivative counterparty and creditworthiness	5.2
453 (e)	Market and credit risk concentrations within the credit mitigation taken	5.2
453 (f)	Exposure value covered by eligible collateral by exposure class	5.4.5
453 (g)	Exposure value covered by guarantees and credit derivatives by exposure class	5.4.5
454	**Use of the Advanced Measurement Approaches to operational risk**	Not applicable
455	**Use of Internal Market Risk Models**	Not applicable