Nomura Bank International plc

incorporated with limited liability in England
and registered under number 1981122

BASE PROSPECTUS

FOR

PARTICIPATION SECURITIES

INVESTING IN THE SECURITIES PUTS YOUR CAPITAL AT RISK. YOU MAY LOSE SOME OR ALL OF YOUR INVESTMENT.

This document constitutes a base prospectus (the "**Prospectus**") prepared for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**"). This Prospectus contains information with regard to the above securities (the "**Securities**") and with regard to Nomura Bank International plc (the "**Issuer**") and its subsidiaries and affiliates taken as a whole (the "**Nomura Group**"), which is necessary to enable investors to make an informed assessment of the Securities and the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Securities relate to specified shares (the "**Shares**").

The terms and conditions of the Securities are set out in the General Terms and Conditions (the "**Conditions**" and each a "**Condition**") and on such additional terms as will be set out in a final terms document (the "**Final Terms**"). The form of the Final Terms is set out herein and will specify with respect to the issue of the Securities to which it relates, inter alia, the aggregate number and type of the Securities, the date of issue of the Securities, the issue price, the Shares, the basis on which the settlement amount is calculated and certain other terms relating to the offering and sale of the Securities. The Final Terms supplement the Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, supplement, replace or modify the Conditions.

Any person (an "**Investor**") intending to acquire or acquiring any Securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 ("**FSMA**"), the Issuer may be responsible to the Investor for this Prospectus under section 90 of FSMA only if the Issuer has authorised the Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not so authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents, it should take legal advice. This does not affect any responsibility which the Issuer may otherwise have under applicable laws. **Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Prospectus, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.**

This Prospectus is to be read in conjunction with the documents incorporated herein by reference (see the section entitled "Documents Incorporated by Reference"). This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

The credit ratings included or referred to in this Prospectus have been issued by Standard and Poor's Ratings Japan, K.K. and Japan Credit Rating Agency, which are not credit rating agencies established in the European Union and are not registered under Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.

Prospective investors in the Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. SECURITIES INVOLVE A HIGH DEGREE OF RISK, INCLUDING THE RISK THAT THE SETTLEMENT AMOUNT ON THE SETTLEMENT DATE MAY BE ZERO. Potential investors

should be prepared to sustain a total loss of the purchase price of their Securities. Prospective investors should have regard to the factors described under the sections headed "Risk Factors" and "Taxation".

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe or purchase any of the Securities. The distribution of this Prospectus and the offering or sale of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe any such restrictions. See the section entitled "*Selling and Transfer Restrictions*".

The Issuer has a right of substitution as set out in Condition 7 (*Substitution*).

This document has been filed with the Financial Services Authority in its capacity as competent authority under the UK FSMA (the "**UK Listing Authority**") for the purposes of the Prospectus Directive.

Application may be made to the UK Listing Authority for Securities issued during the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to be admitted to trading on the London Stock Exchange plc's (the "**London Stock Exchange**") Regulated Market (the "**Market**"). References in this Prospectus to Securities being "listed" (and all related references) shall mean that such Securities have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. The relevant Final Terms in respect of the issue of any Securities will specify whether or not such Securities will be listed on the Official List and admitted to trading on the Market or any other stock exchange. The Issuer may also issue unlisted Securities.

In addition, the Prospectus shall constitute listing particulars issued in compliance with the Listing Rules of the Financial Services Authority made under section 73A of the FSMA in relation to Securities in respect of which application is to be made to the London Stock Exchange for such Securities to be admitted to trading on the London Stock Exchange's Professional Securities Market (the "**PSM**"), which is an unregulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. In relation to any issue of Securities to be admitted to trading on the PSM, the relevant Final Terms will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of such Securities.

In relation to any issue of Securities to be admitted to the Official List and to trading on the Market, the relevant Final Terms will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of such Securities.

The Securities may be issued in bearer form or in registered form. Unless otherwise specified in the applicable Final Terms, definitive Securities will not be issued.

The Issuer accepts responsibility for the information contained in this Prospectus. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omission likely to affect its import.

The previous paragraph should be read in conjunction with paragraph 3 on the first page of this Prospectus.

The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the Issuer for the information relating to the Shares. However, unless otherwise expressly stated in the Final Terms, any information contained therein relating to a Share will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Share. Unless otherwise expressly stated in the applicable Final Terms, the Issuer accepts responsibility for accurately reproducing such extracts or summarises (insofar as it is applicable).

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Dated 29 June 2012

TABLE OF CONTENTS

SUMMARY

Introduction

This summary must be read as an introduction to this Prospectus and any decision to invest in the Securities should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. No civil liability in respect of this summary will attach to Nomura Bank International plc (the "**Issuer**") in any Member State of the European Economic Area in which the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) have been implemented unless this summary, including any translation thereof, is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in such a Member State, the plaintiff may, under the national legislation of that Member State, be required to bear the costs of translating the Prospectus before legal proceedings are initiated.

Description of the Issuer

The Issuer was incorporated with limited liability in England under the Companies Act 1985 (registered number: 1981122) on 22 January 1986. The registered office of the Issuer is at Nomura House, 1 Angel Lane, London, EC4R 3AB, United Kingdom.

The Issuer operates under the laws of England and Wales, is authorised and regulated by the Financial Services Authority (the "**FSA**") to accept deposits under the Financial Services and Markets Act 2000 and was previously authorised by the Bank of England under the Banking Act 1987. The objects of the Issuer are unrestricted.

As of the publication date of this Prospectus , the Issuer's long-term credit ratings are:

Standard & Poor's Ratings Japan, K.K.:	A-
Japan Credit Rating Agency, Ltd.:	AA-

Standard and Poor's Ratings Japan, K.K. is not established in the European Union and has not applied for registration under Regulation (EU) No. 1060/2009 (as amended) (the "CRA Regulation"). However, the application for registration under the CRA Regulation of Standard & Poor's Credit Market Services Europe Limited, which is established in the European Union, disclosed the intention to endorse credit ratings of Standard & Poor's Ratings Japan, K.K.

Japan Credit Rating Agency, Ltd. is not established in the European Union and has not applied for registration under the CRA Regulation, but it is certified in accordance with such Regulation.

A further description of the Issuer is set out on pages 11 to 19 of the Registration Document dated 29 June 2012 relating to the Issuer that has been approved by the Financial Services Authority, which is incorporated by reference into this Prospectus.

The Issuer may be substituted subject to certain conditions.

Description of the Securities

The Securities shall be denominated in the currency specified in the Final Terms and issued in the denomination specified in the Final Terms (including in amounts of less than USD1 or its equivalent in any other currency). They shall be issued by the Issuer on the issue date specified in the Final Terms (the "**Issue Date**"). The issue price will also be specified in the Final Terms (and expressed either as a monetary amount or as a percentage of the aggregate nominal amount, as appropriate).

Each Security will be linked to a number of shares (the "**Shares**") specified in the Final Terms. The Securities represent an investment similar to a direct investment in the Shares, subject to differences in tax treatment. Unless otherwise specified in the Final Terms, the Securities provide for payment of sums equivalent to the dividends which an investor would have received if they had made a direct investment in the Shares, subject to differences in tax treatment.

Settlement Amount for Securities

The Settlement Amount for each Security will be calculated as an amount equal to the volume weighted average share prices at which a "Hypothetical Investor" could have sold the relevant Shares during a valuation period (such prices and such period to be determined by the Calculation Agent in its sole and absolute discretion), after deduction of costs, expenses and taxes which would be required to be made, paid, withheld or deducted by or on behalf of the Hypothetical Investor if the Hypothetical Investor were the direct holder of the relevant Shares and/or sold and/or realised the relevant Shares, (where the Shares are denominated in a currency different from the currency of such Security) after conversion into the relevant currency of such Security at the prevailing spot rate determined by the Calculation Agent.

Additional Amounts

Unless specified as "not applicable" in the Final Terms, the Issuer shall pay each Security-holder an Additional Amount (if any) equal to the amount of any cash dividends per Share (as determined by the Calculation Agent in its sole discretion), which would have been received by a Hypothetical Investor during the Additional Amount Period specified in the applicable Final Terms, after deduction of costs, expenses and taxes which would be required to be made, paid, withheld or deducted by or on behalf of the Hypothetical Investor if the Hypothetical Investor were the direct holder of the relevant Shares, and (where the Shares are denominated in a currency different from the currency of the Security) after conversion thereof into the relevant currency of the Security at the prevailing spot rate determined by the Calculation Agent.

Early Redemption

Early redemption will only be permitted prior to maturity in whole but not in part for reasons of illegality or potentially on the occurrence of certain events (being, certain events which could have a diluting or concentrative effect on the relevant Shares or a Merger Event, Tender Offer, Insolvency, Nationalisation, Delisting, Hedging Disruption Event, Increased Cost of Hedging, Insolvency Filing, Currency Disruption Event, Jurisdiction Event, Trading Failure or CMA Order) as set out in Condition 8 (*Extraordinary Events*).

The early settlement amount shall be based on the fair market value of the Securities immediately prior to the relevant event less the internal and external costs to the Issuer of unwinding any related Hedge Position.

Extraordinary Events

If (a) certain extraordinary events occur which could have a diluting or concentrative effect on the Shares or (b) certain other events occur with respect to the Shares, the Share Issuer or the Issuer's Hedge Position (being, a Merger Event, Tender Offer, Insolvency, Nationalisation, Delisting, Hedging Disruption Event, Increased Cost of Hedging, Insolvency Filing, Currency Disruption Event, Jurisdiction Event, Trading Failure or CMA Order), the Calculation Agent may in its sole and absolute discretion (i) make appropriate adjustments to the Conditions of the relevant Securities, (ii) replace the relevant Shares with successor shares, (iii) (in the case of (a) only) issue further Securities (including securities of a different Series) or (iv) determine that the Securities shall be redeemed early at their early redemption amount), in each case to account for such event.

Hedge Agreements

The Issuer will hedge its position under the Securities by entering into one or more hedging agreements (each such hedging agreement, a "**Hedge Position**") with an entity (which may be an affiliate of the Issuer) (the "**Hedge Counterparty**"). In connection with any redemption of the Securities (whether at maturity or otherwise), the Issuer and the Hedge Counterparty will unwind the Hedge Positions and an amount will be payable under each Hedge Position based on the volume weighted average price of the Shares during the relevant valuation period, after deducting certain costs, expenses and taxes and (where the Shares are denominated in a currency different from the currency of the Securities) after conversion thereof into the relevant currency of the Securities at the prevailing spot rate.

Listing

Any application to admit the Securities on a stock exchange or to make them available for trading will be specified in the Final Terms.

Summary of Material Risk Factors

An investment in Securities carries various associated risks and should only be made after careful consideration of all relevant factors. A potential investor should take into account all information contained in this Prospectus along with the relevant Final Terms and, if necessary, seek the advice of a legal, tax, financial or other consultant.

Related to the Issuer

Each investor bears the risk that the economic situation of the Issuer could deteriorate and affect the value of the Securities and ultimately that the payments on the Securities will not be made.

Related to the Securities

An investment in the Securities is subject to certain risks, including risks related to the stock and currency markets, interest rate risks, risks due to market volatility or economic and political risk factors. Interested investors should be aware that Securities can lose their value and, under certain circumstances, investors may suffer a **total** loss of all invested money (including any transaction costs incurred). This risk exists independent of the Issuer's financial situation.

The issue price of the Securities is based on the Issuer's internal pricing models and can be greater than their market value. Incidental charges can substantially impair the yield of an investment in the Securities.

The Security's terms and conditions may be modified without the consent of Security-holders upon the occurrence of certain extraordinary events, which modifications might reduce the value of the Securities. In addition, under certain circumstances the Issuer is permitted to redeem the Securities early. If the Securities are redeemed early, it is highly likely that the return will be lower than expected.

The Securities may be denominated in a currency other than the currency of the investor's homeland or the currency of the Shares. Foreign exchange rates between the currency of the Securities and such other currency may adversely affect the value of the amounts received in respect of the Securities. All risks relating to exchange rate fluctuations will be borne by the investor.

The occurrence of a Currency Disruption Event may result in the delay or the complete forfeiture of payments under the relevant Securities.

Securities which are linked to Shares of, or denominated in the currencies of, emerging markets jurisdictions generally have greater risks than those of developed jurisdictions, including political risk, economic risk, currency risk, market risk, regulatory/legal risk and shareholder risk.

Settlement of the Securities is subject to all applicable laws, regulations, policies and practices in force at the relevant time. Any changes in such laws, regulations, policies and practices or any act of default by any clearing system may mean that an investor does not receive payments in relation to the Securities at the time they fall due.

No secondary market may develop for the Securities, and neither the Issuer nor the Nomura Group is bound to make a market in the Securities. Investors may not be able to sell the Securities at a certain time.

All payments on the Securities are subject to the Issuer going bankrupt or otherwise failing to make the payment which is due.

Market prices for the Securities could be substantially lower than their intrinsic value based on the Shares, meaning that investors who wish to sell the Securities must do so at a price well below the intrinsic value. In particular, a change in the assessment of the Issuer's creditworthiness by rating agencies or market participants could adversely affect the price in any secondary market in the Securities.

Taxes and costs can reduce any Additional Amount and/or the Settlement Amount.

Changes in the value of the Shares would likely result in the value of the Securities falling below the issue price or any other price paid for them by the investor. Since the term of the Securities is limited, investors should not rely on a recovery of their investment in the Security prior to maturity.

The performance of the Securities and/or the possibility of buying or selling them can be influenced by changes in the general economic environment as well as uncertainties such as political developments, changes in government policy, restrictions on capital movements, and changes in regulatory rules.

The Issuer is required to comply with regulatory restrictions or changes in regulatory framework affecting either itself or the Securities. This can have an impact on the value of the Securities.

The tax considerations presented in this document reflect the Issuer's opinion based on the legal position on the date of this Prospectus. The possibility of different tax treatment by the financial authorities and the courts cannot be disregarded. The Issuer assumes no responsibility for the tax consequences of an investment in the Securities.

Potential conflicts of interest between the Issuer, its associated companies, and third parties can have a negative effect on the value of the Securities and the Settlement Amount.

Related to the Shares

General risks

The value of the Shares can both fall and rise during the Securities' term, which can sharply reduce the Securities' value, meaning a Security-holder may suffer **substantial losses, up to and including total loss of its investment.**

The Issuer has undertaken no studies or due diligence on behalf of the Security-holders with respect to the Shares.

The Securities may relate to Shares whose relevant price is denominated in a different currency from the currency of the Settlement Amount and any Additional Amounts. Fluctuations in the relative value of these two currencies can reduce the Settlement Amount and any Additional Amounts.

An investment in Securities referencing Shares which are issued by an entity based in and/or are traded in lightly regulated, narrow and exotic or "emerging" markets or are otherwise influenced by developments in those markets can expose the Security-holder to a greater risk of loss than an investment in Securities referencing Shares which are traded on a heavily regulated market.

RISK FACTORS

All material risks (of which the Issuer is currently aware) associated with an investment in the Securities issued based on this Prospectus are described below. The sequence in which the individual risks are presented is unrelated to either the likelihood of their occurrence or their individual importance. Other risks of which the Issuer is currently unaware or that it has deemed immaterial (and which therefore are not presented in this Prospectus) may also have a substantial negative impact on the Issuer or the Securities. Investors should only purchase the Securities if they have familiarised themselves with and carefully examined all factors relevant to them. Consequently, interested purchasers should base any decision to invest in the Securities on an examination of all information contained in this Prospectus, the Registration Document (including any documents incorporated by reference herein) and the respective Final Terms, and where appropriate seek the relevant advice of a legal, tax, financial, or other consultant.

Investors should also bear in mind the material risk factors regarding the Issuer presented in the Registration Document (in the section entitled 'Risk Factors' on pages 6 to 10 of the Registration Document) that is incorporated by reference into this Prospectus.

Terms used in this section correspond to those defined in the Security terms and conditions and elsewhere in this Prospectus.

1. Issuer-Specific Risks

Factors that may affect the Issuer's ability to fulfil its obligations under the Securities

The Issuer's business and earnings are affected by general business, economic, market and political conditions in the United Kingdom and abroad. The Issuer's investment banking activities related earnings may be adversely affected by turmoil, or a downturn, in the global financial markets generally. General business, economic and market conditions that could affect the Issuer also include short term and long term interest rates, inflation, recession, monetary supply and fluctuations in both debt and equity capital markets in which the Issuer funds its operations.

The Issuer's liquidity is critical to its ability to operate its businesses, fund new loans and be profitable. Any reduction in the Issuer's liquidity could therefore have a negative effect on its financial results.

Potential conditions that could negatively affect the Issuer's liquidity include diminished access to capital markets, unforeseen cash or capital requirements, and also an inability to sell assets or execute secured financing transactions due to reduced investor appetite for non-prime assets.

The Issuer's credit ratings are an important part of maintaining its liquidity. A credit ratings downgrade in respect of the Issuer or any of its affiliates could potentially increase borrowing costs, and depending on its severity, limit access to capital markets, require cash payments or collateral posting.

More specific business and market related risks pertaining to the existing and proposed business activities and profile of the Issuer are set out further below.

The Issuer is an indirect wholly owned subsidiary of Nomura Holdings, Inc., which together with its consolidated subsidiaries comprise the Nomura Group. Therefore, if the financial condition of the Nomura Group were to deteriorate, the Issuer and investors in the non-equity securities issued by the Issuer may suffer direct and materially adverse consequences.

Risks Relating to the Issuer's business

Market Risk

The Issuer itself holds positions in assets. Changes in market prices (for instance share prices, bond prices or loan prices) or in other factors affecting asset values (such as the general situation of the global economy or economical and political conditions in relevant countries) may adversely affect the performance of the relevant asset. Such risk may be limited but not excluded by value protection strategies. A negative performance of the relevant asset would adversely affect the Issuer's financial situation and its profits.

Reference Item Price Risk and Issuer Credit Risk

The Issuer issues instruments with returns linked to the performance of certain underlying reference assets or baskets. The Issuer enters into hedging transactions in order to hedge its position in respect of such instruments. Fluctuations in the relevant exchange or other relevant markets may result in the proceeds of the hedging transactions being less than the liabilities under the instruments. This may adversely affect the Issuer's financial situation and its profits.

Interest Rate Risk

The Issuer generates part of its financial results through interest yields. Fluctuations in the relevant applicable interest rate (including the ratio between short and long term interest rates among one another) may influence the profits of the Issuer. The composition of financial assets and liabilities as well as the mismatches resulting from such composition may cause a change in the profits of the Issuer as a result of fluctuations in interest rates. Changes in interest rate levels have a particular impact on differing maturity dates and currencies. A mismatch between the maturity of interest bearing financial assets and interest bearing liabilities within a certain time may have a considerable adverse effect on the financial situation and results of the Issuer.

Currency Risk

The Issuer enters into transactions in currencies other than its functional currency (U.S. Dollars). Changes in exchange rates may result in foreign exchange gains and losses.

Liquidity Risk

The Issuer holds various financial assets. Besides market risk, such assets are also subject to the risk that as a result of insufficient market liquidity the relevant assets cannot be sold or hedged on short notice or can only be sold for a lower price. Such risk especially exists in relation to assets for which there are no markets with sufficient liquidity from the beginning. Limited liquidity in respect of such assets may also adversely affect the liquidity of the Issuer.

Credit Risk / Loan Risk

The Issuer entertains different business relationships with third parties. Within the context of such business relationships there is the risk that the third party which owes the Issuer money, securities or other financial assets cannot fulfil its liabilities. Credit risk may particularly arise as a result of insolvency, illiquidity, cyclical downturn, decline in real estate prices and/or mistakes in the management of the relevant third party. The risk is particularly relevant to loans as the realisation of such risk may result in a loss of both interest (if any) and the principal amount. Such losses may have a considerable adverse effect on the Issuer's financial situation and profits.

Regulatory Risk

The Issuer's business activities in each jurisdiction in which it operates are subject to extensive supervision and regulations. Changes in laws or regulations may require the Issuer to change its business or certain products and cause significant costs to the Issuer. Furthermore, as a result of changes in the regulatory authority's code of practice the Issuer may have to change part of its business or products or increase its administrative expenses to comply with the changed regulatory requirements which again will involve an increase of cost for the Issuer. Such possible increase in costs would adversely affect the Issuer's financial situation and profits.

On 17 December 2009, the Basel Committee on Banking Supervision (the "**Basel Committee**") proposed a number of fundamental reforms to the regulatory capital framework in its consultative document entitled "Strengthening the resilience of the banking sector". The Basel Committee published its economic impact assessment on 18 August 2010 and on 12 September 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, announced further details of the proposed substantial strengthening of existing capital requirements. These proposals have also been subsequently endorsed by the G20. The Basel Committee's package of reforms includes increasing the minimum common equity requirement from two per cent (before the application of regulatory adjustments) to 4.5 per cent (after the application of stricter regulatory adjustments). The total Tier 1 capital requirement, which includes common equity and other qualifying financial instruments, will increase from four per cent to six per cent In addition, banks will be required to maintain, in the form of common equity (after the application of deductions), a capital conservation buffer of 2.5 per cent to withstand future periods of stress, bringing the total common equity requirements to seven per cent If there is excess credit growth in any given country resulting in a system-wide build up of risk, a countercyclical buffer within a range of 0 per cent to 2.5 per cent of common equity (or other fully loss absorbing capital) is to be applied as an extension of the conservation buffer. The capital requirements are to be supplemented by a leverage ratio, and a liquidity coverage ratio and a net stable funding ratio will also be introduced. The Basel Committee has confirmed that work continues to ensure that systemically important banks have loss absorbing capacities beyond the above standards. The Basel Committee has stated that measures may include capital surcharges, contingent capital and bail-in debt. Such measures would be in addition to proposals for the write-off of Tier 1 and Tier 2 debt (and its possible conversion into ordinary shares) if a bank becomes non-viable. The proposed reforms are expected to be implemented by the end of 2012, however the requirements are subject to a series of transitional arrangements and will be phased in over a period of time, to be fully effective by 2019.

These and other future changes to capital adequacy and liquidity requirements in the jurisdictions in which it operates, including the European Commission's public consultation on further possible changes to the Capital Requirements Directive launched in February 2010, may require members of the Nomura Group (including the Issuer) to raise additional Tier 1 (including Core Tier 1) and Tier 2 capital and could result in existing Tier 1 and Tier 2 instruments issued by members of the Nomura Group (including the Issuer) ceasing to count towards their regulatory capital, either at the same level as present or at all. If the Nomura Group is unable to raise the requisite Tier 1 and Tier 2 capital, it may be required to reduce the amount of its risk-weighted assets, which may not occur on a timely basis or achieve prices which would otherwise be attractive to it.

The business of the Issuer and other members of the Nomura Group may also be affected by other aspects of global financial regulatory reform, including but not limited to the regulatory changes mandated by the Dodd Frank Wall Street Reform and Consumer Protection Act (the Dodd Frank Act). These reforms are ongoing and it is difficult precisely to predict how proposals and other draft regulations may impact the business strategy, operations and costs of the Issuer and other members of the Nomura Group until such reforms are fully implemented. For example, the Dodd Frank Act would, upon implementation, impose limits on the maximum position that could be held by a single trader in certain underlying assets or bases of reference (Reference Items) to which securities issued by the Issuer may be linked and may subject certain transactions to new forms of regulation that could create barriers to some types of hedging activity by the Issuer or any of its affiliates. Other provisions of the Dodd Frank Act could require certain Reference Items or hedging transactions to be cleared, traded on a regulated exchange and reported to regulators, central date repositories and, in some cases, the public. The Dodd Frank Act will also expand entity registration requirements and impose business conduct requirements on persons active in the swaps market (including new capital and margin requirements), which may affect the value of the Reference Items or value and/or cost of hedging transactions. Such regulation may affect the value, trading price and viability of the Issuer's securities. The implementation of the Dodd Frank Act and future rulemaking thereunder could potentially limit or completely restrict the ability of the Issuer to hedge its exposure on its securities, increase the costs of hedging or make hedging strategies less effective.

Competition Risk

In each jurisdiction in which the Issuer is active it is subject to extensive competition with other entities. If the Issuer should not be able to continue to compete successfully with such attractive and profitable products and services, this may lead to a loss in market share which would have a significant adverse effect on the Issuer's financial situation and profits.

Reputational Risk

The Issuer constantly depends on generating new business. Therefore, the Issuer is continuously in discussion with business partners and clients in order to generate new business. A deterioration of the Issuer's business reputation, particularly in form of negative media publicity, may have the effect that potential clients and business partners decide against entering into business transactions with the Issuer. This may indirectly have an adverse effect on the profitability and therefore credit rating of the Issuer.

Operational Risk / Business Risk

For its business operations the Issuer depends on access to human resources and infrastructure to ensure its profitability and credit rating in the long term. Operational incidents (e.g. natural disasters, accidents and terrorist action), which prevent the normal course of business, may lead to adverse economic consequences for the Issuer. This similarly applies to a loss of personnel which cannot be compensated by counteractive measures, such as new hiring or transfer of personnel. The Issuer tries to compensate for losses potentially caused by operational risk by utilising hedging strategies. As such, the business risk describes the risk that these hedging strategies fail or that they are not able to compensate for all losses, which may have a negative effect on the financial situation and the business performance of the Issuer. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the official list of the UK Listing Authority or as a supervised firm regulated by the FSA.

UK Banking Act 2009

Under the Banking Act 2009 (the "**Banking Act**"), substantial powers have been granted to HM Treasury, the Bank of England and the FSA (together, the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers enable the Authorities to deal with a UK bank such as the Issuer, building society or other UK institution with permission to accept deposits pursuant to Part IV of the FSMA (each a "relevant entity") in circumstances in which the Authorities consider its failure has become highly likely and a threat is posed to the public interest. The SRR consists of three stabilisation options and two insolvency and administration procedures applicable to UK banks which may be commenced by the Authorities. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank established by the Bank of England; and (iii) temporary public ownership (nationalisation) of the relevant entity or its UK-incorporated holding company. In each case, the Authorities have been granted wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively. The following paragraphs set out some of the possible consequences of the exercise of those powers under the SRR.

The SRR may be triggered prior to insolvency of the Issuer

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may only be exercised if: (a) the FSA is satisfied that a relevant entity (such as the Issuer) is failing, or is likely to fail, to satisfy the threshold conditions within the meaning of section 41 of the FSMA (which are the conditions that a relevant entity must satisfy in order to retain its authorisation to accept deposits); (b) following consultation with the other Authorities, the FSA determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those threshold conditions; and (c) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial systems, public confidence in the UK banking system and the protection of depositors). It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

Various actions may be taken in relation to any securities issued by the Issuer without the consent of the holders thereof

If the Issuer were made subject to the SRR, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities subject to certain protections made under The Banking Act 2009 (Restriction of Partial Property Transfers) order 2009) in respect of the Issuer. Exercise of these powers could involve taking various actions in relation to any securities issued by the Issuer (the "**Securities**") without the consent of the holders of the Securities, including (among other things): (i) transferring the Securities notwithstanding any restrictions on transfer and free from any trust, liability or encumbrance; (ii) extinguishing any rights to acquire Securities; (iii) delisting the Securities; (iv) converting the Securities into another form or class (the scope of which power is unclear, although may include, for example, conversion of the Securities into equity securities); (v) modifying or disapplying certain terms of the Securities, including disregarding any termination or acceleration rights or events of default under the terms of the Securities which would be triggered by the transfer and certain related events; and/or (vi) where property is held on trust, removing or altering the terms of such trust.

There can be no assurance that the taking of any such actions would not adversely affect the rights of holders of the Securities, the price or value of their investment in the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities. In such circumstances, holders of Securities may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that holders of Securities would thereby recover compensation promptly or equal to any loss actually incurred.

A partial transfer of the Issuer's business may result in a deterioration of its creditworthiness

If the Issuer were made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer (which may include the Securities) may result in a deterioration in the creditworthiness of the Issuer and, as a result, increase the risk that it may be unable to meet its obligations in respect of the Securities and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, holders of Securities may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that holders of Securities would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Prospectus, the Authorities have not made an instrument or order under the Banking Act in respect of the Issuer and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that holders of Securities will not be adversely affected by any such order or instrument if made.

In the United Kingdom the Issuer is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers

In the United Kingdom, the Financial Services Compensation Scheme (the "**FSCS**") was established under FSMA and is the UK's statutory fund of last resort for customers of authorised financial services firms. The FSCS can pay compensation to customers if a firm authorised by the FSA is unable, or likely to be unable, to pay claims against it (for instance, an authorised bank is unable to pay claims by depositors). The FSCS is funded by levies on firms authorised by the FSA, including the Issuer and other members of the Nomura Group in the United Kingdom. The Issuer is currently exempt from participation in the FSCS.

In the event that the FSCS raises funds from authorised firms more frequently or significantly increases the levies to be paid by such firms, the associated costs to the Issuer may have a material impact on its results of operations or financial condition. The recent measures taken to protect the depositors of deposit-taking institutions involving the FSCS have resulted in a significant increase in the levies made by the FSCS on the industry and may do so in the future if similar measures are required to protect depositors of other institutions. In addition, regulatory reform initiatives in the UK and internationally may result in further changes to the FSCS, which could result in additional costs and risks for the Issuer.

To the extent that other jurisdictions where the Nomura Group operates have introduced or plan to introduce similar compensation, contributory or reimbursement schemes, the Nomura Group may incur additional costs and liabilities which may negatively impact its results of operations or financial condition.

Risk factors relating to the Nomura Group

In this Prospectus, the term "Nomura Group" describes Nomura Holdings, Inc. ("**NHI**") and its consolidated subsidiaries, including the Issuer, which is a wholly owned subsidiary of NHI. Any factors which affect the financial condition and/or creditworthiness of NHI may have a direct or indirect impact upon the financial condition and/or creditworthiness of other entities within the Nomura Group, including the Issuer. Accordingly, risks identified in this "Risk factors relating to the Nomura Group" section relating to NHI should, unless the context requires otherwise, be construed as potentially applying also to all other entities within the Nomura Group including, in particular, the Issuer.

Recent financial and credit crises and recessionary economies around the world have had, and may continue to have, adverse effects on NHI's businesses, financial condition and results of operations

In the past several years, financial markets and economic conditions in Japan and elsewhere around the world have changed rapidly and, for a period of time, very negatively. In particular, in 2008 and through to early 2009, the financial services industry, global securities markets and real economies, especially in developed countries, were materially and adversely affected by a worldwide market crisis and dislocation. While the world economy grew in 2010 due to stimuli from expansive monetary and fiscal policies, global markets face new challenges arising out of concerns over economic and structural issues in the peripheral countries of the Eurozone as well as political instability in certain regions such as the Middle East, and the economic outlook in the medium to long term remains uncertain.

In addition, not only purely economic factors, but also future war, acts of terrorism, economic or political sanctions, disease pandemics, geopolitical risks and events, natural disasters or other similar events could have a material adverse effect on economic and financial market conditions. For example, with respect to NHI's home market of Japan, the economic downturn has prolonged and may worsen in the future due to the economic consequences resulting from direct and indirect negative effects of the East Japan Earthquake in March 2011, including damages to a nuclear power plant and resulting power shortages and supply line disruptions. A sustained market/economic downturn can adversely affect NHI's business and can result in substantial losses. Even in the absence of a prolonged market/economic downturn, NHI may incur substantial losses due to market volatility. Also, governmental fiscal and monetary policy changes in Japan and other jurisdictions where NHI conducts business and other business environmental changes may adversely affect NHI's business, financial condition and results of operations. The following are certain risks related to the financial markets and economic conditions on NHI's specific businesses.

Market fluctuations could harm NHI's businesses

NHI's businesses are materially affected by conditions in the financial markets and economic conditions in Japan and elsewhere around the world. Market downturns can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, international tensions, natural disasters or other similar events. A sustained market downturn can adversely affect NHI's business and can result in substantial losses. Even in the absence of a prolonged market downturn, NHI may incur substantial losses due to market volatility or governmental fiscal and monetary policy changes in Japan and other jurisdictions where NHI conducts business.

NHI's brokerage and asset management revenues may decline

A market downturn could result in a decline in the revenues concerning NHI's intermediary business because of a decline in the volume and value of securities that NHI brokers for NHI's clients. Also, with regard to NHI's asset management business, in most cases, NHI charges fees for managing NHI's clients' portfolios that are based on the value of their portfolios. A market downturn that reduces the value of NHI's clients' portfolios, increases the amount of withdrawals or reduces the amount of new investments in these portfolios would reduce the revenue NHI receives from NHI's asset management businesses.

NHI's investment banking revenues may decline

Unfavourable financial or economic conditions would likely reduce the number and size of transactions for which NHI provides securities underwriting, financial advisory and other investment banking services. NHI's investment banking revenues, which include fees from these services, are directly related to the number and size of the transactions in which NHI participates and would therefore decrease if there is a sustained market downturn.

NHI may incur significant losses from NHI's trading and investment activities

NHI maintains large trading and investment positions in the fixed income, equity and other markets, both for NHI's own account and for the purpose of facilitating NHI's clients' trades. NHI's positions consist of various types of assets, including financial derivatives transactions in equity, interest rate, currency, credit, commodity and other markets, as well as in loans and real estate. Fluctuations in the markets where these assets are traded can adversely affect the value of these assets. To the extent that NHI owns assets, or has long positions, a market downturn could result in losses if the value of these long positions decreases. Furthermore, to the extent that NHI has sold assets NHI does not own, or has short positions, an upturn in the prices of the assets could expose NHI to potentially significant losses. Although NHI has worked to mitigate these position risks with a variety of hedging techniques, these market movements could result in losses. NHI can incur losses if the markets move in a way NHI has not anticipated, as a result of specific events such as the Russian economic crisis in 1998 and the global financial and credit crisis in the autumn of 2008. Also, NHI may face losses if the level of volatility of the markets where the foregoing assets are traded differs from NHI's expectation, which may occur particularly in the emerging markets.

NHI's businesses have been and may continue to be affected by changes in market volatility levels. Certain of NHI's trading businesses depend on market volatility to provide trading and arbitrage opportunities, and decreases in volatility may reduce these opportunities and adversely affect the results of these businesses. On the other hand, increased volatility, while it can increase trading volumes and spreads, also increases risk as measured by value at risk, or "VaR", and may expose NHI to increased risks in connection with NHI's market-making and proprietary businesses or cause NHI to reduce the size of these businesses in order to avoid increasing NHI's VaR. Furthermore, NHI commits capital to take relatively large positions for underwriting or warehousing assets to facilitate certain capital market transactions. Also, NHI structures and possesses pilot funds for developing financial investment products and invests seed money to set up and support financial investment products. NHI may incur significant losses from these positions in the event of significant market fluctuations.

In addition, if NHI is the party providing collateral in a transaction, significant declines in the value of the collateral can increase NHI's costs and reduce NHI's profitability; and if NHI is the party receiving collateral, such declines can reduce NHI's profitability by reducing the level of business done with NHI's clients and counterparties.

Holding large and concentrated positions of securities and other assets may expose NHI to large losses

Holding a large amount of securities concentrated in specific assets can increase NHI's risks and expose NHI to large losses in NHI's businesses such as market-making, block trading, underwriting, asset securitisation and acquiring newly issued convertible bonds through third-party allotment. NHI has committed substantial amounts of capital to these businesses. This often requires NHI to take large positions in the securities of a particular issuer or issuers in a particular industry, country or region. In addition, NHI may incur substantial losses due to market fluctuations on asset-backed securities such as commercial mortgage-backed securities.

Extended market declines can reduce liquidity and lead to material losses

Extended market declines can reduce the level of market activity and the liquidity of the assets traded in the market. If NHI cannot properly close out NHI's associated positions, particularly with respect to over-the-counter derivatives, NHI may incur substantial losses. Further, the inability or difficulty of monitoring prices in a less liquid market could lead to unexpected losses.

NHI's hedging strategies may not prevent losses

NHI uses a variety of instruments and strategies to hedge NHI's exposure to various types of risk. If NHI's hedging strategies are not effective, NHI may incur losses. NHI bases many of NHI's hedging strategies on historical trading patterns and correlations. For example, if NHI holds an asset, NHI may hedge this position by taking another asset which has, historically, moved in a direction that would offset a change in value of the former asset. However, historical trading patterns and correlations may not continue, as seen in the global financial and credit crisis in the autumn of 2008, and these hedging strategies may not be fully effective in mitigating NHI's risk exposure because NHI is exposed to all types of risk in a variety of market environments.

NHI's risk management policies and procedures may not be fully effective in managing market risk

NHI's policies and procedures to identify, monitor and manage risks may not be fully effective. Some of NHI's methods of managing risk are based upon observed historical market behaviour. This historical market behaviour may not continue in future periods. As a result, NHI may suffer large losses by being unable to predict future risk exposures that could be significantly greater than the historical measures indicate. Other risk management methods that NHI uses also rely on NHI's evaluation of information regarding markets, clients or other matters, which is publicly available or otherwise accessible by NHI. This information may not be accurate, complete, up-to-date or properly evaluated, in which case NHI may be unable to properly assess NHI's risks, and thereby suffer large losses. Furthermore, certain factors, such as market volatility, may render NHI's risk evaluation model unsuitable for the new market environment. In such event, NHI may become unable to evaluate or otherwise manage NHI's risks adequately.

Market risk may increase other risks that NHI faces

In addition to the potentially adverse effects on NHI's businesses described above, market risk could exacerbate other risks that NHI faces. For example, the risks associated with new products developed through financial engineering/innovation may be increased by market risk.

Also, if NHI incurs substantial trading losses caused by NHI's exposure to market risk, NHI's need for liquidity could rise sharply while NHI's access to cash may be impaired as a result of market perception of NHI's credit risk. Furthermore, in a market downturn, NHI's customers and counterparties could incur substantial losses of their own, thereby weakening their financial condition and, as a result, increasing NHI's credit risk exposure to them.

NHI may have to recognise impairment charges with regard to the amount of goodwill and intangible assets recorded on NHI's consolidated balance sheets

NHI has purchased all or a part of the equity interests in, or certain operations from, certain other companies in order to pursue NHI's business expansion, and expects to continue to do so when and as NHI deems appropriate. NHI accounts for each of those and similar purchases and acquisitions in conformity with U.S. GAAP, as a business combination, and allocates its acquisition costs to the assets acquired and liabilities assumed, and record the remaining amount as goodwill.

NHI may have to record impairment charges with regard to the amount of goodwill and intangible assets. Any impairment charges for goodwill or intangible assets NHI recognises, if recorded, may adversely affect NHI's results of operations and financial condition.

Liquidity risk could impair NHI's ability to fund operations and jeopardise NHI's financial condition

Liquidity, or having ready access to cash, is essential to NHI's businesses. In addition to maintaining a readily available cash position, NHI seek to enhance NHI's liquidity through repurchase and securities lending transactions, access to long-term debt, issuance of long-term bonds, diversification of NHI's short-term funding sources such as commercial paper, and by holding a portfolio of highly liquid assets. NHI bears the risk that NHI may lose liquidity under certain circumstances, including the following:

NHI may be unable to access the debt capital markets

NHI depends on continuous access to the short-term credit markets and the debt capital markets to finance NHI's day-to-day operations. An inability to raise money in the long-term or short-term debt markets, or to engage in repurchase agreements and securities lending, could have a substantial negative effect on NHI's liquidity. For example, lenders could refuse to extend the credit necessary for NHI to conduct business based on their assessment of NHI's long-term or short-term financial prospects if:

- NHI incurs large trading losses,
- the level of NHI's business activity decreases due to a market downturn, or
- regulatory authorities take significant action against NHI.

In addition to the above, NHI's ability to borrow in the debt markets could also be impaired by factors that are not specific to NHI, such as increases in bank's nonperforming loans which reduce its lending capacity, a severe disruption of the financial and credit markets which, among others, can lead to widening credit spreads and thereby increase NHI's borrowing costs, or negative views about the general prospects for the investment banking, brokerage or financial services industries generally.

NHI may be unable to access the short-term debt markets

NHI depends primarily on the issuance of commercial paper and short-term bank loans as a principal source of unsecured short-term funding of NHI's operations. NHI's liquidity depends largely on NHI's ability to refinance these borrowings on a continuous basis. Investors who hold NHI's outstanding commercial paper and other short-term debt instruments have no obligation to provide refinancing when the outstanding instruments mature. NHI may be unable to obtain short-term financing from banks to make up any shortfall.

NHI may be unable to sell assets

If NHI is unable to borrow in the debt capital markets or if NHI's cash balances decline significantly, NHI will need to liquidate NHI's assets or take other actions in order to meet NHI's maturing liabilities. In volatile or uncertain market environments, overall market liquidity may decline. In a time of reduced market liquidity, NHI may be unable to sell some of NHI's assets, which may adversely affect NHI's liquidity or NHI may have to sell assets at depressed prices, which could adversely affect NHI's results of operations and financial condition. NHI's ability to sell NHI's assets may be impaired by other market participants seeking to sell similar assets into the market at the same time.

Lowering of NHI's credit ratings could increase NHI's borrowing costs

NHI's borrowing costs and NHI's access to the debt capital markets depend significantly on NHI's credit ratings. Rating agencies may reduce or withdraw their ratings or place NHI on "credit watch" with negative implications. This could increase NHI's borrowing costs and limit NHI's access to the capital markets. This, in turn, could reduce NHI's earnings and adversely affect NHI's liquidity. Further, other factors which are not specific to NHI may increase NHI's funding cost, such as negative market perception of Japanese fiscal soundness.

Event risk may cause losses in NHI's trading and investment assets as well as market and liquidity risk

Event risk refers to potential losses in value NHI may suffer through unpredictable events that cause large unexpected market price movements. These include not only events such as the terrorist attacks in the United States on 11 September, 2001, U.S. subprime issues since 2007, and the global financial and credit crisis in the Autumn of 2008 and the East Japan earthquake in March 2011, but also more generally the following types of events that could cause losses on NHI's trading and investment assets:

- sudden and significant reductions in credit ratings with regard to NHI's trading and investment assets by major rating agencies,
- sudden changes in trading, tax, accounting, laws and other related rules which may make NHI's trading strategy obsolete, less competitive or not workable, or
- an unexpected failure in a corporate transaction in which NHI participates resulting in NHI's not receiving the consideration NHI should have received, as well as bankruptcy, deliberate acts of fraud, and criminal prosecution with respect to the issuers of NHI's trading and investment assets.

Losses caused by financial or other problems of third parties may expose NHI to credit risk

NHI's counterparties are from time to time indebted to NHI as a result of transactions or contracts, including loans, commitments to lend, other contingent liabilities, and derivatives transactions such as swaps and options. NHI may incur material losses when NHI's counterparties default on their obligations to NHI due to bankruptcy, deterioration in their creditworthiness, lack of liquidity, operational failure, an economic or political event, or other reasons. This risk may arise from:

- the decline of prices of securities issued by third parties, or

- the execution of securities, futures, currency or derivative trades that fail to settle at the required time due to default by the counterparty, such as monoline insurers (financial guarantors) which are counterparties in credit default swap contracts, or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries.

Problems related to third party credit risk may include the following:

Defaults by a large financial institution could adversely affect the financial markets generally and NHI specifically

The commercial soundness of many financial institutions is closely interrelated as a result of credit, trading, clearing or other relationships among the institutions. As a result, concern about the credit standing of, or a default by, one institution could lead to significant liquidity problems or losses in, or defaults by, other institutions. This may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which NHI interacts on a daily basis. Actual defaults, increases in perceived default risk and other similar events could arise in the future and could have an adverse effect on the financial markets and on NHI. NHI's finance operations may be damaged if major financial institutions, Japanese or otherwise, fail or experience severe liquidity or solvency problems.

There can be no assurance as to the accuracy of the information about, or the sufficiency of the collateral NHI uses in managing, NHI's credit risk

NHI regularly reviews NHI's credit exposure to specific customers or counterparties and to specific countries and regions that NHI believes may present credit concerns. Default risk, however, may arise from events or circumstances that are difficult to detect, such as fraud. NHI may also fail to receive full information with respect to the risks of a counterparty. In addition, in cases where NHI has extended credit against collateral, NHI may fall into a deficiency in value in the collateral. For example, if sudden declines in market values reduce the value of NHI's collateral, NHI may become undersecured.

NHI's customers and counterparties may be unable to perform their obligations to NHI as a result of political or economic conditions

Country, regional and political risks are components of credit risk, as well as market risk. Political or economic pressures in a country or region, including those arising from local market disruptions or currency crises, may adversely affect the ability of clients or counterparties located in that country or region to obtain credit or foreign exchange, and therefore to perform their obligations owed to NHI.

The financial services industry is intensely competitive and rapidly consolidating

NHI's businesses are intensely competitive, and NHI expects them to remain so. NHI competes on the basis of a number of factors, including transaction execution, NHI's products and services, innovation, reputation and price. In recent years, NHI has experienced intense price competition, particularly in brokerage, investment banking and other businesses.

Competition with commercial banks, commercial bank-owned securities subsidiaries and non-Japanese firms in the Japanese market is increasing

Since the late 1990s, the financial services sector in Japan has been undergoing deregulation. In accordance with the amendments to the Securities and Exchange Law (which has been renamed as the Financial Instruments and Exchange Act (the "**FIEA**") since 30 September 2007), effective from 1 December 2004, banks and certain other financial institutions became able to enter into the securities brokerage business. In addition, in accordance with the amendments to the FIEA effective from 1 June 2009, firewalls between commercial banks and securities firms were deregulated. Therefore, as NHI's competitors will be able to cooperate more closely with their affiliated commercial banks, banks and other types of financial services firms can compete with NHI to a greater degree than they could before deregulation in the areas of financing and investment trusts. Among others, securities subsidiaries of commercial banks and non-Japanese firms have been affecting NHI's market shares in the sales and trading, investment banking and retail business.

Increased domestic and global consolidation in the financial services industry means increased competition for NHI

In recent years, there has been substantial consolidation and convergence among companies in the financial services industry. In particular, a number of large commercial banks, insurance companies and other broad based financial services firms have established or acquired broker-dealers or have merged with other financial institutions in Japan and overseas. Through such business alliances and consolidations, these other securities companies and commercial banks have the ability to offer a wide range of products, including loans, deposit-taking, insurance, brokerage, asset management and investment banking services within their group. This diversity of services offered may enhance their competitive position compared with NHI. They also have the ability to supplement their investment banking and brokerage businesses with commercial banking, insurance and other financial services revenues in an effort to gain market share. NHI's policy to remain independent from commercial banks may result in the loss of market share as these large, consolidated firms expand their business.

NHI's ability to expand internationally will depend on NHI's ability to compete successfully with financial services firms in international markets

As a means to bolster NHI's international operations, NHI acquired certain Lehman operations in Europe, the Middle East and Asia in 2008 and NHI has been rebuilding and expanding its operations in these regions and the United States. NHI believes that expansion and strengthening of its international business will be important to its global success, and failure to expand and strengthen its international operations may materially and adversely affect its global strategy.

Operational risk may disrupt NHI's businesses, result in regulatory action against NHI or limit NHI's growth

NHI faces, for example the following types of operational risk which could result in financial losses, disruption in NHI's business, litigation from relevant parties, intervention in NHI's business by the regulatory authorities, or damage to NHI's reputation:

- failure to execute, confirm or settle securities transactions;
- failure by officers or employees to perform proper administrative activities prescribed in regular procedures, such as placing erroneous orders to securities exchanges;
- suspension or malfunction of internal or third party systems, or unauthorized access, misuse and computer viruses affecting such systems;
- the destruction of NHI's facilities or systems or impairment of NHI’s ability to do business arising from impacts of disasters or acts of terrorism, which are beyond anticipation and may not be covered by NHI's contingency plan; or
- the disruption of NHI's business due to pandemic diseases or illnesses, such as avian and swine flu.

NHI's business is subject to substantial legal, regulatory and reputational risks

Substantial legal liability or a significant regulatory action against NHI could have a material financial effect or cause reputational harm to NHI, which in turn could seriously damage NHI's business prospects. Also, material changes in regulations applicable to NHI or to NHI's market could adversely affect NHI's business.

NHI's exposure to legal liability is significant

NHI faces significant legal risks in NHI's businesses. These risks include liability under securities or other laws in connection with securities underwriting and offering transactions, liability arising from the purchase or sale of any securities or other products, disputes over the terms and conditions of complex trading arrangements or the validity of contracts for transactions with NHI and legal claims concerning NHI's financial advisory and merchant banking business. During a prolonged market downturn, NHI would expect claims against it to increase. NHI may also face significant litigation. The cost of defending such litigation may be substantial and NHI's involvement in litigation may damage

NHI's reputation. In addition, even legal transactions might be subject to social criticism according to the particulars or situations of such transactions. These risks may be difficult to assess or quantify and their existence and magnitude may remain unknown for substantial periods of time.

Extensive regulation of NHI's businesses limits NHI's activities and may subject NHI to significant penalties and losses

The financial services industry is subject to extensive regulation. NHI is subject to regulation by governmental and self regulatory organisations in Japan and in virtually all other jurisdictions in which NHI operates and such governmental and regulatory scrutiny may increase as its operations expand. These regulations broadly are designed to ensure the stability of the financial system and the integrity of the financial markets and financial institutions, and to protect clients and other third parties who deal with NHI and often limit NHI's activities, through net capital, client protection and market conduct requirements. Although NHI has policies in place to prevent violations of such laws and regulations, NHI may not always be able to prevent violations, and NHI could be fined, prohibited from engaging in some of NHI's business activities, ordered to improve NHI's internal governance procedures, or be subject to revocation of NHI's license to conduct business. NHI's reputation could also suffer from the adverse publicity that any administrative or judicial sanction against NHI may create. As a result of any such sanction, NHI may lose business opportunities for a period of time, even after the sanction is lifted, if and to the extent that NHI's customers, especially public institutions, decide not to engage NHI for their financial transactions.

Tightening of regulations applicable to the financial system and financial industry could adversely affect NHI’s business, financial condition and operating results

If regulations that apply to NHI's businesses are introduced, modified or removed, NHI could be adversely affected directly or through resulting changes in market conditions. For example, to improve the stability and transparency of Japan’s financial system and to ensure the protection of investors, the FIEA was passed by the Diet, which became effective on 1 April 2011, excluding certain sections. The amendment strengthened supervision through introducing corporate group regulations, which NHI is subject to, such as consolidated capital adequacy regulations on financial instruments business operators the size of which exceeds specified parameters and on certain parent companies, and by requiring reports on the financial status of such companies. In addition, the Japanese Financial Services Agency (the "**Japanese FSA**") amended the "Comprehensive Guidelines for Supervision of the Financial Instruments Business Operators, etc." which became effective on 1 April 2011. Such amendment includes, among others, restrictions on the compensation systems of the corporate group of a specified parent company, including Nomura Group, which are designed to reduce excessive risk taking by their executives and employees. For more information about such amendments, see "Regulation—Japan" under Item 4.B. of NHI's Form 20-F for the year ended 31 March 2011.

In addition, in response to the financial markets crisis in the autumn of 2008, various reforms to the financial regulatory framework at a national level and by international agreements, such as the agreements reached at the Group of Twenty (G-20) Summit, are undergoing to restore financial stability and to enhance financial industry’s resilience against future crises. Such proposals for reform include the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") in the U.S. and various proposals to strengthen financial regulation in the European Union and the United Kingdom ("**U.K.**"). The impact of these proposals (including bank levy) on NHI and NHI's industry may be significant. However, policy responses to such proposals and amendment of existing systems are still ongoing and are difficult to precisely predict at this point. For more information about such regulations, see “Regulation—Overseas” under Item 4.B. of NHI’s Form 20-F for the year ended 31 March 2011.

Deferred tax assets may be reviewed due to a change in laws and regulations, resulting in an adverse affect on NHI's operating result and financial condition

NHI recognises deferred tax assets on the consolidated balance sheet as a possible benefit of tax relief in the future. If there is a tax reform such as a reduction of corporate tax rate or a change in accounting standards in the future, NHI may reduce the deferred tax assets in NHI's consolidated balance sheet. As a result, it could adversely affect NHI's operating result and financial condition.

Misconduct or fraud by an employee, director or officer, or any third party, could occur, and NHI's reputation in the market and its relationships with clients could be harmed

NHI faces the risk that misconduct by an employee, director or officer, or any third party, could occur which may adversely affect its business. Misconduct by an employee, director or officer can include, for example, entering into transactions in excess of authorised limits, acceptance of risks that exceed NHI's limits, or concealment of unauthorised or unsuccessful activities. The misconduct could also involve, for example, the improper use or disclosure of confidential information relating to NHI or its clients, such as insider trading, which could result in regulatory sanctions, legal liability and serious reputational or financial damage to NHI. Although NHI has precautions in place to detect and prevent any such misconduct, these may not be effective in all cases, and NHI may not always be able to detect or deter misconduct by an employee, director or officer. If any administrative or judicial sanction is issued against NHI as a result of such misconduct, NHI may lose business opportunities for a period of time, even after the sanction is lifted, if and to the extent that NHI's customers, especially public institutions, decide not to engage NHI for their financial transactions.

Third parties may also engage in fraudulent activities, including devising a fraudulent scheme to induce investments, loans, guarantees or any other forms of financial commitment by NHI, both direct and indirect. Because of the broad range of businesses that NHI engages in and the large number of third parties with whom NHI deals in its day-to-day business operations, such fraud or any other misconduct may be difficult to prevent or detect. NHI may not be able to recover the financial losses caused by such activities and NHI's reputation may also be damaged by such activities.

Unauthorised disclosure of personal information held by NHI may adversely affect its business

NHI keeps and manages personal information obtained from customers in connection with NHI's business. In recent years, there have been many reported cases of personal information and records in the possession of corporations and institutions being improperly accessed or disclosed other than in compliance with the Japanese Act on the Protection of Personal Information and the rules, regulations and guidelines relating thereto.

Although NHI exercises care in protecting the confidentiality of personal information and take steps to safeguard such information, if any material unauthorised disclosure of personal information does occur, NHI's business could be adversely affected in a number of ways. For example, NHI could be subject to complaints and lawsuits for damages from clients if they are adversely affected as a result of the release of their personal information. In addition, NHI could incur additional expenses associated with changing NHI's security systems, either voluntarily or in response to administrative guidance or other regulatory initiatives, or in connection with public relations campaigns designed to prevent or mitigate damage to NHI's corporate or brand image or reputation. Any damage to NHI's reputation caused by such unauthorised disclosure could lead to a decline in new clients and/or a loss of existing clients, as well as to increased costs and expenses in dealing with any such problems.

NHI is a holding company and depends on payments from NHI's subsidiaries

NHI depends on dividends, distributions and other payments from NHI's subsidiaries to fund dividend payments and to fund all payments on NHI's obligations, including debt obligations. Regulatory and other legal restrictions may limit NHI's ability to transfer funds freely, either to or from NHI's subsidiaries. In particular, many of NHI's subsidiaries, including NHI's broker-dealer subsidiaries, are subject to laws and regulations that authorise regulatory bodies to block or reduce the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances. These laws and regulations may hinder NHI's ability to access funds that NHI may need to make payments on NHI's obligations.

NHI may not be able to realise gains NHI expects, and may even suffer losses, on NHI's private equity investments

NHI engages in private equity business in and outside of Japan through fully owned subsidiaries and other consolidated entities which have third party pooling of funds. Decline of fair values of NHI's investment positions which could arise from deteriorating business performance of investee companies or any deterioration in the market conditions of these sectors, may cause material losses to NHI.

Furthermore, NHI's inability to dispose of NHI's private equity investments at the level and time NHI may wish, could have a material impact on NHI's operating results and financial condition.

NHI may not be able to dispose of NHI's operating investments at the time or with the speed NHI would like

NHI holds substantial operating investments, which refer to investments in equity securities of companies not affiliated with NHI which NHI holds on a long-term basis in order to promote existing and potential business relationships. A substantial portion of these investments consists of equity securities of public companies in Japan. Under U.S. GAAP, depending on market conditions, NHI may record significant unrealised gains or losses on its operating investments, which would have a substantial impact on their consolidated statements of operations. Depending on the conditions of the Japanese equity markets, NHI may not be able to dispose of these equity securities when NHI would like to do so, as quickly as NHI may wish or at the desired values.

Equity investments in affiliates and other investees accounted for under the equity method in NHI's consolidated financial statements may decline significantly over a period of time and result in NHI incurring an impairment loss

NHI has affiliates and investees, accounted for under the equity method in NHI's consolidated financial statements, whose shares are publicly traded. Under U.S. GAAP, if there is a decline in the fair value, i.e., the market price, of the shares NHI holds in such affiliates over a period of time, and NHI determines that the decline is other-than-temporary, then NHI records an impairment loss for the applicable fiscal period.

NHI may face an outflow of customers' assets due to losses of cash reserve funds or bonds offered

NHI offers many types of products to meet various needs of its customers with different risk profiles. Cash reserve funds, such as money management funds and money reserve funds are categorised as low-risk products. Such cash reserve funds may fall below par value as a result of losses caused by the rise of interest rates or the withdrawals or defaults on bonds contained in the portfolio. In addition, bonds that NHI offers may default or experience delays in their obligation to pay interest and/or principal. Such losses in the products NHI offers may result in the loss of client confidence and lead to an outflow of client assets from its custody.

It may not be possible for investors to effect service of process within the United States upon NHI or its directors or executive officers, or to enforce against judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States

NHI is a limited liability, joint-stock corporation incorporated under the laws of Japan. Most of its directors and executive officers reside in Japan. Many of its assets and the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for U.S. investors to effect service of process within the United States upon NHI or these persons or to enforce against NHI or these persons judgments obtained in the United States courts predicated upon the civil liability provisions of the federal securities laws of the United States. NHI believes that there is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgment of U.S. courts, of liabilities predicated solely upon the federal securities laws of the United States.

2. **General risks associated with an investment in the Securities**

An investment in the Securities is subject to certain risks. In particular these involve risks of the stock, bond and currency markets, interest rate risks, risks due to market volatility, or economic and political risk factors, as well as other risks associated with the Shares. Such risks can occur both individually and in combination with each other. In addition, interested purchasers should have experience in security transactions of this type.

Risk of total loss

Interested purchasers should be aware that the Securities can lose value, and that under certain circumstances, a **total loss** of both the capital invested and the transaction costs incurred is possible. This risk exists independent of the Issuer's financial situation. **It is strongly recommended that**

interested purchasers familiarise themselves with the particular risk profile of the product type described in this Prospectus and the relevant Final Terms, and if necessary seek expert advice.

Price of the Securities, loan financing

The offer or issue price may be more than the market value of the Securities as at the relevant Issue Date, and the price, if any, at which a Security-holder may be able to sell the Securities in secondary market transactions is likely to be lower than the issue price (see also "Trading in Securities" below) . The issue price of the Securities is based on internal pricing models of the Issuer and can be greater than their market value. In particular, the offer or issue price may take into account amounts with respect to commissions relating to the issue and sale of the securities as well as amounts relating to the hedging of the Issuer's obligations under the Securities (including funding arrangements), and secondary market prices may exclude such amounts. An upfront fee can be calculated in addition to the issue price. The issue price may contain fees (including commission) and a margin paid to distributors or other third parties or retained by the Issuer. Such incidental charges and other transaction costs can substantially impair the yield of an investment in the Securities. In addition, whilst the proprietary pricing models of Nomura International plc are based on well recognised financial principles, other market participants' pricing models may differ or produce a different result.

In the event that an investor finances the purchase of the Securities by way of a loan, then in some instances it must not only bear any loss in value thereof but must also repay the loan plus any interest amounts thereon. This substantially increases the risk of loss. Security-holders should not rely on being able to pay the loan and interests from profits on the transaction in the Securities.

Amendments to the terms and conditions and early redemption

The Security's terms and conditions may be modified without the consent of Security-holders upon the occurrence of certain extraordinary events, which modifications might reduce the value of the Securities. On the occurrence of the events, more particularly described in Condition 8 (*Extraordinary Events*) of the Securities, including, (a) the occurrence of a Potential Adjustment Event (including certain events which could have a diluting or concentrative effect on the relevant Shares) (b) the occurrence of a merger event or tender offer with respect to the Shares, (c) the insolvency or nationalisation of the Share Issuer, (d) the delisting of the Shares, (e) a trading failure or a currency disruption relating to the Shares, (f) the occurrence of any event which reduces or eliminates any Hedge Proceeds or affects the ability of the Issuer or the Hedge Counterparty to establish, maintain or unwind any Hedge Position or make any payments thereunder), (g) certain events in relation to the jurisdiction of the Share Issuer, and (h) (where the jurisdiction of the Share Issuer is the Kingdom of Saudi Arabia) if the Capital Market Authority (or any successor or equivalent body) of the Kingdom of Saudi Arabia (the "**Capital Market Authority**") has requested that the Hedge Counterparty (or Issuer) terminate or otherwise modify the Hedge Position or imposes any qualitative or quantitative limitation or any other requirements in relation to the Hedge Position or the Securities, the Calculation Agent may, in its sole and absolute discretion, (i) make appropriate adjustments to the terms and conditions of the relevant Securities, (ii) replace the relevant Shares with successor shares, (iii) (in the case of (a) only) issue further Securities (including securities of a different Series) or (iv) determine that the Securities shall be redeemed early at their early settlement amount), in each case to account for such event. Any such adjustments may negatively affect the value of any Additional Amount and/or the Settlement Amount and/or the value of the Securities and may result in the investor losing its entire investment in the Securities.

Calculation Agent

The terms and conditions of the Securities provide that the Calculation Agent shall (a) determine the occurrence of certain events which may affect the value of the Securities, any Additional Amount and/or the Settlement Amount thereunder and (b) have the power to make certain decisions in respect of the Securities, such as adjustments to the terms thereof or early redemption thereof. The Calculation Agent acts solely as agent of the Issuer and does not assume any obligations or duty to, or relationship of agency or trust for or with, any investor. In making any determination or exercising any discretion, the Calculation Agent is not obliged to consider the interests of any investor and no liability shall attach to the Calculation Agent, the Issuer, or any of the Agents in the absence of gross negligence or wilful misconduct on the part of the Calculation Agent.

As the Calculation Agent will generally be an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and the Security-holders, including with respect to the exercise of the very broad discretionary powers of the Calculation Agent. Prospective investors should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Securities. Any matter that falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including, where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), shall be decided upon by the Calculation Agent or such other person as the case may be in its sole and absolute discretion acting in a commercially reasonable manner, taking into account any market factors and other factors as the Calculation Agent or such other person deems relevant including, without limitation, the Issuer's Hedge Position (including, without limitation, any impact on such position, the ability to retain such position and the cost of unwinding any such position). Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of wilful default, bad faith or manifest error) shall be binding on the Issuer and all Security-holders.

No claim against a Hedge Position or Hedge Counterparty

A Security does not represent a claim against any Hedge Counterparty and, in the event of any loss, a Security-holder will not have recourse under a Security against the Hedge Counterparty nor have any interest whatsoever in the Hedge Position or the Hedge Proceeds.

Early redemption of the Securities

The Issuer may be entitled to redeem the Securities before maturity. It is possible that the Issuer may redeem the Securities at a time which causes the Security-holder to suffer a loss. The Issuer may redeem the Securities early if the Issuer's obligations under the Securities become illegal, for reasons related to the Issuer's hedging positions relating to the Securities (including, in relation to Securities linked to Shares, the Share Issuer of which is in the Kingdom of Saudi Arabia ("**Saudi Shares**" and Securities referencing Saudi Shares, "**Securities Linked to Saudi Shares**"), in order to ensure compliance with any limitations or other requirements imposed by the Capital Market Authority, for reasons relating to the Shares (including certain events which could have a diluting or concentrative effect on the relevant Shares and a merger event, tender offer, delisting, trading failure or currency disruption relating to the Shares or the nationalisation or insolvency of the Share Issuer) or on account of certain tax-related and other events. In such cases, the yield on the Securities will very likely be lower than expected.

Currency Risk

The Securities may be denominated in a currency other than that of the national currency in the investor's homeland or the currency of the Shares and/or in a different currency than the one in which the investor would like to receive payments. Foreign exchange rates between the currency of the Securities and any such other currency may adversely affect the value of the Securities and of the amounts received in respect of the Securities, including any Additional Amounts or Settlement Amount. All risks relating to exchange rate fluctuations will be borne by the investor.

Currency Conversion

In the case of currency conversions which are based on the prevailing exchange rate, potential investors should be aware that the risk relating to exchange rate fluctuations shall be borne by the investor and such fluctuations can increase the risk of loss by lowering the value of the Securities.

Currency Disruption Event

The Securities incorporate a provision which deals with an event which impairs the ability of the Issuer or its affiliates from converting the currency of the Shares into the currency of the Settlement Amount, delivering such currencies from or between accounts in the jurisdiction of the Shares, or realising its hedge in the currency of the Settlement Amount or the imposition of capital controls by the government of the jurisdiction of the Shares which materially affect the Issuer's or its affiliates' ability to hedge its position under the Securities or unwind such hedge. Where the Calculation Agent determines that such an event has occurred or is likely to occur, then the Issuer may determine to terminate the Securities, adjust or remove the relevant Shares or make any adjustment to the terms and conditions of the Securities, including, but not limited to, delaying the payment of any Additional Amount and/or the

Settlement Amount and/or reducing any Additional Amount and/or the Settlement Amount to zero. Therefore the occurrence of a Currency Disruption Event may have a substantially negative impact on the return an investor would otherwise receive on the Securities.

Settlement Risk

Settlement of the Securities is subject to all applicable laws, regulations, policies and practices in force at the relevant time and none of the Issuer, any Agent or the Principal Agent shall be liable to any person if it is unable to effect the transactions contemplated as a result of any such laws, regulations, policies or practices. None of the Issuer, any Agent or the Principal Agent shall under any circumstances be liable for any acts of default of any Clearing System in relation to the performance of its duties in relation to the Securities.

Trading in Securities

It cannot be guaranteed that the Securities will be listed on any exchange, and/or that any such listing will be maintained. Investors also should be aware that a listing may not necessarily result in a higher liquidity. If the Securities are not listed or traded on any exchange, it may be more difficult to obtain information about their prices. This can have a negative effect on their liquidity. Their liquidity may also be affected by restrictions on purchases or sales in certain countries. In addition, the Issuer and any company associated with it is at any time entitled, but not obliged, to purchase Securities at any price in the market or through a public offer or individual agreements. The Securities acquired may be held, resold or cancelled. Such transactions by the Issuer can also have a negative impact on the liquidity of the Securities.

It cannot be predicted whether and to what extent a secondary market for the Securities will develop, at what price they will trade on such a market, and whether such market will be liquid.

In its role as calculation agent, Nomura International plc intends, under normal market conditions, to indicate prices for the Securities but there can be no assurance (i) that any prices will be indicated, (ii) as to the prices that will be indicated and (iii) that Nomura International plc will offer to purchase or sell any Securities.

Any such prices indicated shall be determined by Nomura International plc in its sole discretion and shall be subject to prevailing circumstances, and no adverse change in market conditions. Accordingly, although Nomura International plc intends to provide a secondary market for the Securities under normal market conditions, this is not a commitment to purchase or sell any Security at any particular time or price and Nomura International plc may suspend or terminate any secondary market it provides at any time regardless of conditions, at its own absolute discretion and without notice to holders of the Securities. Prospective purchasers should therefore not rely on the existence of a secondary market in making any decision to purchase any Securities.

Interested purchasers should be aware that the prices for the Securities quoted on an exchange, as well as their purchase and sales prices in over-the-counter trades, can deviate greatly from the intrinsic value derived from the Shares. In addition, in the event of unusual market conditions (including, but not limited to, a deterioration of the credit standing or rating of the Issuer) the spread between purchase and sales prices could widen and the respective prices for the Securities could fall sharply and deviate substantially from their intrinsic value determined based on the Shares. Security-holders who want to sell their Securities on the exchange or over-the-counter must then do so at a price well below the intrinsic value.

Interested purchasers should not rely on being able to enter into hedge-transactions at any time during the term of the Securities in order to hedge against or limit the risks associated with the Securities. The possibility such transactions depends on the market situation and the particular circumstances. Transactions to hedge or minimise risks may only be effected at an unfavourable market price associated with a loss for the investor, or may not be possible at all.

Additional Transfer Restriction for Securities Linked to Saudi Shares

Each purchaser of Securities Linked to Saudi Shares will be required, as a condition of any purchase of such Securities, to execute a letter substantially in the form set out in "Form of Security-holder Letter" below to the Issuer and the party specified as the "Authorised Person" therein. Such letter, among other things, authorises each of the Issuer and the Authorised Person to disclose (amongst other items) the purchaser's identity and the terms of such Securities to the Capital Market Authority in the Kingdom of Saudi Arabia and also contains certain authorisations, representations, warranties, confirmations and undertakings that each purchaser is required to make in favour of the Issuer and the Authorised Person. The requirement on all purchasers of Securities to provide such letter may adversely affect the ability to transfer the Securities.

Influence of taxes and costs

The Securities represent the right to payment of the Settlement Amount on the Settlement Date and if applicable, the Additional Amount on each Additional Amount Payment Date. The Settlement Amount, any early redemption amount and any Additional Amounts may be subject to deduction of certain taxes, charges and/or costs.

Performance of the Shares

Changes in the price of the Shares can result in the value of the Securities falling below the (issue) price paid for them. In this case, the Security-holder may suffer **substantial losses, up to and including a total loss** of the purchase price paid. Since the term of the Securities is limited, investors should not rely on the recovery of the Security value prior to the Settlement Date. There may not be regular payments or other distributions on the Securities unless the Final Terms provide for payments of Additional Amounts representing the cash dividends paid by the issuer of the Shares.

No Voting Rights

If voting rights are attached to the Shares, neither the Issuer nor any of its affiliates is obliged to take account of the interests of the Security-holders and it is therefore possible that such rights may be exercised in a manner which is contrary to the interests of Security-holders.

In respect of Securities Linked to Saudi Shares, in order to ensure compliance by the relevant Authorised Person acting as Hedge Counterparty with the applicable regulations in the Kingdom of Saudi Arabia with regard to any Hedge Position entered into between the relevant Authorised Person and the Issuer, it is a requirement that the relevant Authorised Person, the Issuer and each investor therein will not have any voting rights in respect of the relevant Shares.

Macroeconomic, geopolitical and regulatory risks

The performance of the Securities and/or the possibility of buying, selling or repurchasing them can be influenced by changes in the general economic climate, as well as uncertainties such as political developments, changes in government policy, restrictions on capital movements, and changes in regulatory rules. These risks may occur to a greater extent in the case of investments in or in connection with emerging countries or non-OECD countries.

The Issuer must consider regulatory restrictions and changes in legislation affecting either the Issuer itself or the Securities. The Shares could also be affected by changes in legislation or measures by regulatory agencies affecting the value of the Shares (and thereby indirectly the value of the Securities).

Emerging Markets Risks

Securities may be linked to Shares listed in or issued by issuer's incorporated in, or Shares denominated in the currencies of, emerging markets jurisdictions. Emerging markets jurisdictions may be characterised as politically unstable and/or lacking a stable and fully developed economy and financial system and/or lacking in established rule of law. Emerging markets investments generally have greater risks than those from developed jurisdictions including political risk, economic risk, currency risk, market risk, regulatory/legal risk and shareholder risk as further described below.

(a) **Political Risk**: Many emerging markets countries are undergoing, or have undergone in recent years, significant political change which has affected government policy, including the regulation of industry, trade, financial markets and foreign and domestic investment. The relative instability of political systems of emerging markets jurisdictions may leave them more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic developments, social, ethnic, or religious instability or changes in government policies. Such circumstances, in turn, could lead to a reversal of some or all economic or political reform, a backlash against foreign investment, and possibly even a turn away from a market-oriented economy including such policies as confiscatory taxation, exchange controls, compulsory re-acquisition, nationalisation or expropriation of foreign-owned assets without adequate compensation or the restructuring of particular industry sectors in a way that could adversely affect investments in those sectors. Any perceived, actual or expected disruptions or changes in government policies of a country, by elections or otherwise, can have a major impact on the value of the Shares, and, in turn, the relevant Securities, linked to those countries.

(b) **Economic Risk**: The economies of emerging markets countries are by their nature in early or intermediate stages of economic development, and therefore more vulnerable to rising interest rates and inflation. In fact, in many countries, high interest and inflation rates are the norm. Rates of economic growth, corporate profits, domestic and international flows of funds, external and sovereign debt, dependence on international trade, and sensitivity to world commodity prices play key roles in economic development, yet vary greatly from country to country. Businesses and governments of emerging markets jurisdictions may be relatively inexperienced in dealing with difficult market conditions (such as the present global recession) and have a limited capital base from which to borrow funds and develop their operations and economies. In addition, the lack of an economically feasible tax regime in certain countries poses the risk of sudden imposition of arbitrary or excessive taxes, which could adversely affect foreign investors. In addition, emerging markets jurisdictions may lack a strong infrastructure and a developed banking sector and its financial institutions may not be adequately regulated. These factors, among other economic issues, could affect the functioning of the economy and have a corresponding adverse effect on the performance of the Shares and, in turn, the relevant Securities.

(c) **Currency Risk**: Shares or Securities denominated in the currencies of emerging markets jurisdictions may be subject to greater volatility and possibly the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. See "Currency Risks" above.

(d) **Market Risk**: The emerging equity and debt markets of many emerging markets countries, like their economies, are in the early stages of development. The financial systems and markets of emerging markets jurisdictions may lack the level of transparency and liquidity found in more developed markets. It is important, therefore, to be familiar with secondary market trading in emerging markets securities and the terminology and conventions applicable to transactions in these markets. As a result, such markets may suffer from extreme price volatility, price discrepancies, market dislocation and lack of liquidity. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. These markets also might not have regulations governing manipulation and insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. It may be difficult to employ certain risk management practices for emerging markets securities, such as forward currency exchange contracts, stock options, currency options, stock and stock index options, futures contracts and options on futures contracts. Any such circumstances or events may have an adverse effect on the performance of the Shares and, in turn, the relevant Securities.

(e) **Regulatory/Legal Risk**: In emerging markets jurisdictions there may be less government regulation of business and industry practices, stock exchanges, over-the-counter markets, and market participants than in more developed countries. Whatever supervision is in place may be subject to manipulation or control. Many countries have mature legal systems comparable to those of more developed countries, while others do not. The process of regulatory and legal reform may not proceed at the same pace as market developments, which could result in confusion and uncertainty and, ultimately, increased investment risk. Legislation to safeguard the rights of private ownership and to prevent stock market manipulation may not be fully developed and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be subject to change with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries.

Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that a foreign investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. The holder of a Share of an emerging markets jurisdiction may not be able to pursue legal remedies in the courts of such jurisdictions. Any such circumstances or events may have an adverse effect on the performance of the Shares and, in turn, the relevant Securities.

(f) **Shareholder Risk**: Rules in emerging markets jurisdictions regulating the ownership and corporate governance of companies (for example, requiring the disclosure of large ownership positions or governing tender offers by majority shareholders) may not exist or may provide little protection to shareholders. Disclosure and reporting requirements in general may be minimal or non-existent. Antifraud and insider trading law is generally not very developed in many emerging markets countries. There may be no prohibitions or restrictions under local law on the ability of management to terminate existing business operations, sell or dispose of assets, or otherwise materially affect the value of the company without the consent of its shareholders. Antidilution protection may also be very limited. There may be little or no fiduciary duty on the part of management or the directors to the company or to the shareholders as a whole or minority shareholders. Remedies for violations of shareholders' rights may be difficult to obtain including because of the absence of a system of derivative or class action litigation. Any such circumstances or events may have an adverse effect on the performance of the Shares and, in turn, the relevant Securities.

(g) **Event Risk**: On occasion, a country or region will suffer an unforeseen catastrophic event (for example, a natural disaster) which causes disturbances in its financial markets, including rapid movements in its currency, that will effect the value of securities in, or which relate to, that country. Furthermore, the value of the Shares, and, in turn, the Securities, and any income derived therefrom can be effected by global events, including events (political, economic or otherwise) occurring in a country other than that in which the Securities are issued or traded.

(h) **Liquidity Risk**: Liquidity of the Shares is directly affected by the supply and demand for those Shares. As the supply of potential sellers increases or demand by potential buyers decreases, or both, liquidity of the Shares will decrease and bid/offer spreads will generally widen. Natural disasters and economic, social, and political developments in a country can cause a decrease in the liquidity of investments related to that country, thereby making it difficult to sell promptly at an acceptable price. In addition, the failure, pending failure or financial difficulties of an entity holding significant positions in certain types of securities may trigger a decrease in the liquidity and value of the same or similar type of securities. The sale of certain Shares, including illiquid Shares, could also be subject to legal restrictions in some countries.

(i) **Settlement Risk**: Many emerging markets have different clearance and settlement procedures from those in more developed countries. For many emerging markets securities, there is no central clearing mechanism for settling trades and no central depositary or custodian for the safe keeping of securities. Custodians can include domestic and foreign custodian banks and depositaries, among others. The registration, recordkeeping and transfer of Securities may be carried out manually, which may cause delays in the recording of ownership. Where applicable, the Issuer will settle trades in emerging markets securities in accordance with the current market practice developed for such transactions by the Emerging Markets Traders Association ("**EMTA**"). Otherwise, the transaction may be settled in accordance with the practice and procedure (to the extent applicable) of the relevant market. There are times when settlement dates are extended, and during the interim the market value of the Shares, and in turn the Securities, may change. Moreover, certain markets have experienced times when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardised settlement procedures, settlement risk is more prominent than in more mature markets. In addition, Security-holders may be subject to operational risks in the event that Security-holders do not have in place appropriate internal systems and controls to monitor the various risks, funding and other requirements to which Security-holders may be subject by virtue of their activities with respect to emerging market securities.

Risks in connection with taxation

The tax-related information contained in this document reflects the opinion of the Issuer based on the legislation in effect as of the date of this Prospectus. However, investors should be aware that financial authorities and/or the courts may take a different view. Furthermore, the tax considerations stated in this Prospectus should not be used as the sole basis for the decision to invest in the Securities; in particular the individual tax situation of each investor should also be taken into account. Consequently, the tax considerations contained in this Prospectus should not be regarded as authoritative information or tax advice, and, further, such considerations offer no assurance or guarantee with respect to the occurrence of certain tax consequences. Accordingly, prior to making any decision to purchase the Securities investors should seek the advice of their tax advisor. The Issuer assumes no responsibility for the tax consequences of any investment in the Securities.

3. **Risks with respect to the Shares**

Before making any investment in the Securities, interested purchasers should familiarize themselves with the risks associated with the respective Shares since the Securities also reflect the risks of such Shares.

General risks related to the Shares

Investors should be aware that the procedures of calculating or publishing data regarding the Shares may change after the date of the respective Final Terms.

No due diligence by the Issuer in respect of the Share

Neither the Issuer nor a company associated with it has undertaken any due diligence or examination of the Shares on behalf of the potential investors in the Securities, nor will they do so in the future. Any due diligence or examination performed by the Issuer, on its behalf or on behalf of a company associated with it, is carried out solely for its/their own investment purposes.

Limited disclosure on Shares

Limited disclosure in relation to the Shares will be provided to the purchasers of Securities in the Final Terms, and therefore, in particular for Securities linked to emerging market Shares, purchasers of such Securities should ensure that they understand thoroughly (if necessary, in consultation with the purchaser's own legal, tax, accountancy, regulatory, investment or other professional advisers) the nature of such Shares and how the performance thereof may affect the pay-out and value of the Securities.

Fluctuations in value

The value of the Shares can both fall and rise during the term of the Securities. Such changes in value may lead to a decrease in the Securities' value. Thus, the investor should be aware that there is a risk of loss of the purchase price paid for the Securities, along with any transaction costs. This risk exists independent of the Issuer's financial situation.

As a result, a Security-holder cannot predict what return it can expect at maturity or in the event of an early redemption of its Securities. Substantial losses in value may be incurred upon such redemption or at maturity. No reliable predictions can be made about the future performance of either the Shares or the Securities. Nor can any conclusions be drawn about the future performance on the basis of historical data. Information as to the historic and current performance and volatility of the Shares may be found on the relevant Bloomberg page as set out in the Final Terms.

No direct investment in the Shares

While the Securities' return is linked to the Shares, an investment in the Securities does not fully correspond to a direct investment in the Shares and creates no direct ownership of the Shares. If the Final Terms provides for Additional Amounts to be payable which represent dividends applicable to the Shares, such payments are likely to be subject to differences in tax treatment compared to a direct investment. A Security does not represent a claim against any Share Issuer and, in the event of any loss, a Security-holder will not have recourse under a Security to any Share Issuer nor shall a Security-holder have any legal, beneficial or other interest whatsoever in any of the Shares.

Relation of the Share to lightly regulated, narrow, exotic and emerging markets

An investment in Securities referencing Shares which are traded on lightly regulated, narrow, exotic and emerging markets or otherwise influenced by the developments in such markets might expose the Security-holder to a higher risk of loss than one in Securities referencing Shares which are traded on a heavily regulated market. The reasons for this can include a higher market volatility (inter alia in the equity market and in currency markets), a lower trading volume, political and economic instability, a greater risk of market closure, and greater government restrictions on these markets. There is also the risk of introduction of restrictions on foreign investors, expropriation of assets, punitive taxation, confiscation or nationalization of assets, introduction of currency controls, or other unfavourable political and/or social measures. Under certain circumstances, such impairments can last over several weeks or months. Such a development could represent a market distortion that could prevent prices from being set for the Securities affected during the period in question. If such disruptions occur on an ex-dividend date relating to the Shares or on a valuation date relevant for determination of the Settlement Amount, this can cause a postponement of the calculation and payment of the relevant Additional Amount or Settlement Amount, as applicable. In addition, such a disruption could result in a reduction of the relevant Additional Amount or Settlement Amount, as applicable.

The amount payable under the Securities may be reduced if the value of the proceeds of the Issuer's hedging arrangements are reduced as a result of various matters relating to risks connected with the relevant country or countries specified as Share Jurisdictions.

Special risks in shares

The price performance of a share depends primarily on the development of the company issuing it. But independent of the company's net worth, financial, liquidity, and earnings situation the price of a share can also be subject to fluctuations or unfavourable changes in value. The general economic situation and the state of the market in particular can influence the price performance.

Volume Weighted Average Share Price per Security may be less than actual prices quoted or realisable during the Valuation Period on the relevant Exchange

Investors should be aware that the volume weighted average share prices determined in respect of the Shares during the valuation period may be less than the actual prices for the Shares quoted or otherwise obtainable on the relevant exchange during the valuation period and/or at which the investors may have been able to realise themselves if they were to hold and sell the relevant shares directly. The volume weighted average share prices and the valuation period shall both be determined by the Calculation Agent in its sole and absolute discretion, and there is no assumption of "best execution" with regard to the notional sale of shares by a Hypothetical Investor over the relevant Exchange during such period.

The Kingdom of Saudi Arabia

The Capital Market Authority regulates share dealing and associated activities in the Kingdom of Saudi Arabia. Pursuant to Capital Market Authority Board of Commissioners resolution number 2-28-2008 as published by the Capital Market Authority in its Circular for Authorized Persons to Enter into Swap Agreements dated 20/8/1429H corresponding to 21/8/2008G, as amended by Board of Commissioners resolution number 3-10-2010 dated 30/3/1431H corresponding to 16/3/2010G (the "**CMA Resolution**"), "Authorised Persons" may enter into derivative transactions with non-resident foreign investors, whether institutions or individuals, to transfer certain economic benefits of Saudi companies' shares listed on the Saudi Stock Exchange (Tadawul), while the relevant Authorised Persons retain the legal ownership of such shares, all on the terms and conditions set forth in the CMA Resolution. A copy of the CMA Resolution may be obtained on request from the Issuer.

In respect of any Securities Linked to Saudi Shares, the Issuer may (but shall be under no obligation under the Securities to) establish a Hedge Position in respect of its obligations under such Securities including the appointment of an "Authorised Person" as Hedge Counterparty which may hold a position in the relevant Shares. Any such Hedge Position would be subject to the terms and conditions of the CMA Resolution, and the relevant "Authorised Person" would be required to (among other things) (a) provide certain information on beneficiaries who obtain the economic benefits of such Saudi shares and (b) adjust the terms of the Hedge Position or terminate the Hedge Position where required from time to time by the Capital Market Authority.

In relation to any Securities Linked to Saudi Shares, in order to ensure (a) compliance by the relevant Authorised Person with the CMA Resolution in relation to any Hedge Position entered into between the Authorised Person and the Issuer and/or (b) that there is no mis-match in relation to the terms of any such Hedge Position (including as such terms may be adjusted and/or such Hedge Position may be terminated by the Capital Market Authority from time to time) and the terms of such Securities (and, as noted above, any such Hedge Position is for the benefit of the Issuer, and not for the benefit of any holder of any Securities Linked to Saudi Shares):

(a) each purchaser of Securities Linked to Saudi Shares will be required to make the additional disclosures and the authorisations, representations, confirmations and undertakings in "Form of Security-holder Letter" below to the Issuer and the party specified as the "Authorised Person" including:

  (i) authorising the relevant "Authorised Person" to disclose such purchaser's name, country of origin, details of Security holdings and any other information requested by the Capital Market Authority to the Capital Market Authority; and

  (ii) representing that the purchaser is a "non-resident foreign investor" for the purposes of the CMA Resolution; and

(b) the terms and conditions of Securities Linked to Saudi Shares shall include the following:

  (i) the Calculation Agent under the Securities may in its sole and absolute discretion adjust the terms and conditions of the Securities and/or cause the redemption of the Securities (in each case, without the consent of Security-holders), as applicable, in order to ensure compliance with any limitations or other requirements that the Capital Market Authority may impose from time to time in accordance with Condition 8 (*Extraordinary Events*);

  (ii) the Authorised Person holding the relevant Saudi Shares is prohibited from exercising voting rights in respect of such Shares and Security-holders will not have any voting rights in respect of Shares); and

  (iii) the term of each Security must not be greater than four years from the Trade Date specified in the relevant Final Terms.

Any adjustment and/or early redemption of Securities Linked to Saudi Shares (as described in (b)(i) above) may result in the loss of some or all of a purchaser's investment.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents (but the documents incorporated therein by reference are not incorporated by reference into this Prospectus) which shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

1. Registration Document dated 29 June 2012 relating to the Issuer that has been approved by the Financial Services Authority (the "**Registration Document**").

2. The audited non-consolidated annual report of the Issuer for the year ended 31 March 2010.

3. The audited non-consolidated annual report of the Issuer for the year ended 31 March 2011.

4. The unaudited non-consolidated half year report of the Issuer for the half year ended 30 September 2011.

5. For the purpose of any issue of Securities under the Base Prospectus which are to be consolidated and form a single Series with an existing Tranche or Series of Securities, the terms and conditions of the Securities (which are not set out in this Base Prospectus) on the pages 30 to 49 of the base prospectus dated 27 May 2011 of the Issuer.

To the extent that any document or information incorporated by reference or attached to this Prospectus, itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Prospectus for the purposes of the Prospectus Directive, except where such information or documents are stated within this Prospectus as specifically being incorporated by reference or where this Prospectus is specifically defined as including such information.

Copies of these documents will be available free of charge at the principal office of the Principal Agent in Luxembourg and at the registered office of the Issuer, during usual business hours on any weekday (except Saturdays and public holidays). The documents incorporated by reference referred to under points 1., 2. and 3. above are also available on the website www.nomuranow.com.

HISTORICAL FINANCIAL INFORMATION

The Issuer's financial statements for the years ended 31 March 2010 and 31 March 2011 were prepared in accordance with generally accepted accounting practice in the United Kingdom. The Issuer's next published financial statements for the year ended 31 March 2012 will be prepared in accordance with International Financial Reporting Standards ("**IFRS**"). For the purposes of this Prospectus and to satisfy the requirements of the Prospectus Rules, the Issuer has therefore republished the Issuer's financial information for the year ended 31 March 2011 in accordance with IFRS.

The Issuer's republished financial information and the accountants' report thereon (the "**Accountants' Report**") are set out in the Schedule (Historical Financial Information) to this Prospectus.

A description of the principal adjustments made by the Issuer in restating its UK GAAP statement of financial position as at 1 April 2010 and its previously published UK GAAP financial statements as at and for the year ended 31 March 2011 (which are incorporated by reference herein (see "Documents Incorporated by Reference" above)), is set out in note 18 to the Issuer's financial information.

The Accountants' Report in the Schedule to this Prospectus is included in this Prospectus, in the form and context in which it is included at the Issuer's request and with the consent of Ernst & Young LLP which has authorised the contents of the Accountants' Report for the purpose of item 5.5.4R(2)(f) of the Prospectus Rules of the UK Listing Authority.

TERMS AND CONDITIONS OF THE SECURITIES

General Terms and Conditions

The General Terms and Conditions that follow relate to the Securities and must be read in conjunction with the Final Terms. The General Terms and Conditions and the Final Terms together constitute the "Terms and Conditions" applicable to the Securities.

Non-italicised text within square brackets indicates that the text is optional or alternative. The applicable text which will form part of the Terms and Conditions of a particular series of Securities shall be specified for each issue of Securities in the applicable Final Terms.

Italicised text in square brackets indicates details which are, if applicable, to be specified for each issue of Securities in the applicable Final Terms.

The Securities are issued pursuant to the Agency Agreement.

1. **Form of, and Title to, the Securities**

[Where the Securities are expressed to be in registered form:

A Global Security in respect of the Securities shall be deposited outside the United Kingdom with (a) where the Clearing Systems are Euroclear and Clearstream, Luxembourg, the common depositary for such Clearing Systems, or (b) in the case of any other Clearing System, the depository for such Clearing System. Securities in definitive form shall not be issued.

Each person (other than a Clearing System to the extent that it appears on the books of another Clearing System) who is for the time being shown in the records of such Clearing System as the holder of a particular nominal amount or unit quantity of such Securities (in which regard any certificate or other document issued by such Clearing System as to the nominal amount, or unit quantity, of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated for all purposes by the Issuer, all Agents and the relevant Clearing System(s) as the holder thereof, notwithstanding any notice to the contrary (and the expression "**Holder**" and related terms shall be construed accordingly).

Transfers of Securities held through a relevant Clearing System may only be effected through such relevant Clearing System [and [*specify others*]]. Title will pass upon registration of the transfer in the books of such relevant Clearing System and such Securities shall accordingly be in registered form.]

[Where the Securities are in bearer global security form:

The Securities shall be represented at all times by a Global Security deposited outside the United Kingdom with (a) where the Clearing Systems are Euroclear and Clearstream, Luxembourg, the common depositary for such Clearing Systems, or (b) in the case of any other Clearing System, the depository for such Clearing System. Securities in definitive form shall not be issued.

Subject as set out below, title to the Securities will pass by delivery. The Issuer and all Agents shall deem and treat the bearer of the Global Security as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but without prejudice to the provisions set out in the next succeeding paragraph.

Where the Securities are represented by a Global Security which is held by or on behalf of a Clearing System, each person (other than one Clearing System to the extent that it appears on the books of another Clearing System) who is for the time being shown in the records of such Clearing System as the holder of a particular nominal amount or unit quantity of such Securities (in which regard any certificate or other document issued by such Clearing System as to the nominal amount, or unit quantity, of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated for all purposes by the Issuer and all Agents as the holder thereof in accordance with and subject to the terms of the relevant Global Security (and the expression "**Holder**" and related terms shall be construed accordingly) except and to the extent of any payment or delivery obligations, the right to which shall vest as regards the Issuer and all Agents, solely in the bearer of the Global Security. Securities which are represented by a Global Security will be transferable in the records of the relevant Clearing System only in accordance with applicable law in the relevant jurisdiction and the rules and procedures for the time being of the relevant Clearing System.]

2. Status

The Securities are direct, unconditional, unsubordinated unsecured obligations of the Issuer and shall at all times rank *pari passu* and without prejudice among themselves and (subject as aforesaid and save for exceptions as may be provided by applicable legislation) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

3. Purchases, Further Issues, Prescription and Cancellation

3.1 Purchases

The Issuer or any Subsidiary may at any time purchase Securities at any price in the open market or otherwise. Such Securities may be held, reissued, resold or cancelled, at the option of the relevant purchaser.

3.2 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further Securities having terms and conditions the same as the Securities or the same in all respects save for the amount, issue price and date of the first payment of Additional Amount thereon and so that the same shall be consolidated and form a single series with the outstanding Securities.

3.3 Prescription

Claims in respect of bearer Securities shall become void unless the relevant Global Security is presented within a period of five years of the due date for the relevant payment or delivery.

3.4 Cancellation

All Securities which are redeemed will be cancelled with immediate effect. All Securities so cancelled and Securities purchased and cancelled as described above shall be forwarded to the Agent and cannot be reissued or resold. The Issuer shall put in effect such measures as it considers appropriate for recording such reduction in the nominal amount or unit quantity (as the case may be).

4. Payment

4.1 General

If Securities are expressed to be in registered form, the Issuer will pay or cause to be paid (a) on the relevant Additional Amount Payment Date, the Additional Amount, if any, payable in respect of the relevant Securities and (b) on the Settlement Date, the Settlement Amount in respect of the relevant Securities, each such payment to be made in the Settlement Currency via the Principal Agent to the relevant Clearing System for value, for credit to the Holder's account in the relevant Clearing System. Payment shall be made through (where such holder is identified as the Holder on the relevant Record Date) the relevant Clearing System via the Principal Agent only in accordance with the rules and regulations of such Clearing System(s) so utilised.

If the Securities are represented by a Global Security in bearer form, payments in respect of Securities will (subject as provided below) be made (a) on the relevant Additional Amount Payment Date, in respect of the Additional Amount, if any, payable in respect of the relevant Securities and (b) on the Settlement Date in respect of the Settlement Amount, in each case against presentation or surrender, as the case may be, of such Global Security at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such Global Security will be made on such Global Security by the Paying Agent to which such Global Security is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a Global Security in bearer form shall be the only person entitled to receive payments in respect of Securities represented by such Global Security and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security in respect of each amount so paid. Each of the persons shown in the records of the relevant Clearing System as the beneficial holder of a particular nominal amount or unit quantity of Securities represented by such Global Security must look solely to the relevant Clearing System for its share of each payment so made by the Issuer to, or to the order of, the holder of such Global Security. No person other than the holder of such Global Security shall have any claim against the Issuer in respect of any payments due on that Global Security.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions concerning taxation in these Terms and Conditions.

4.2 **Payment Day**

If the date for payment of any amount in respect of any Security is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of any such delay.

5. **Additional Amount**

[*For Securities where Additional Amount is applicable:*

5.1 **Additional Amount**

On each Additional Payment Date, the Issuer shall pay or cause to be paid to each Holder the relevant Additional Amount, which is subject to adjustment in accordance with Condition 8 (*Extraordinary Events*) in respect of each Security.

For the purposes of these Terms and Conditions:

"**Applicable Exchange Rate**" means the exchange rate as determined by the Calculation Agent by reference to such sources as it may, in its absolute discretion, select.

"**Additional Amount**" means a cash amount equal to the Dividend Amount multiplied by the Number of Shares Per Security, converted into the Settlement Currency at the Applicable Exchange Rate and Rounded.

"**Dividend Amount**" means, in respect of a Security and the relevant Share, the net cash dividend per Share (excluding any Extraordinary Dividends and any other form of non-cash dividend including but not limited to any bonus share issue) which the Calculation Agent determines would be received during the Dividend Period by a Hypothetical Investor as holder of such Share during the relevant Dividend Period (and in respect of which the ex-dividend date has occurred during the Dividend Period).

"**Dividend Period**" means the period commencing on, and including, the Initial Fixing Date and ending on, but excluding, the Scheduled Valuation Date.

"**Extraordinary Dividend**" means [a dividend, or portion of a dividend, per relevant share, characterised as an extraordinary dividend by the Calculation Agent] [*specify other*].

"**Number of Shares Per Security**" means, subject to adjustment in accordance with these Terms and Conditions, [*specify Number of Shares Per Security*].

Any "**net cash dividend**" shall represent a sum after the deduction of any Costs but excluding any imputation or other credits, refunds or deductions granted by any applicable authority having power to tax in respect of such dividend and any taxes, credits, refunds or benefits imposed, withheld, assessed or levied thereon, as determined by the Calculation Agent.

5.2 **Additional Amount Payment Date**

The Issuer shall pay each Additional Amount as soon as practicable but no later than the [tenth Business Day ***Nomura Operations to confirm timing for payment through of dividends***] following receipt by a Hypothetical Investor of a Dividend Amount from the Share Issuer (each such date an "**Additional Amount Payment Date**").

5.3 **Notification**

The Paying Agent, following instructions from the Issuer and receipt of all relevant information from the Issuer and/or the Calculation Agent, shall notify the Holders as soon as reasonably practicable that an Additional Amount has become payable. The Paying Agent shall, following instructions from the Issuer and receipt of all relevant information from the Issuer and/or the Calculation Agent, notify the Holders in accordance with these Terms and Conditions in the case of an Additional Amount, the Record Date and the amount payable to each Holder.

6. **Settlement**

6.1 **Final Settlement**

Unless previously purchased under Condition 3 (*Purchases, Further Issues, Prescription and Cancellation*) or redeemed under this Condition 6 or Condition 8 (*Extraordinary Events*), on the Settlement Date the Issuer will pay or cause to be paid to each Holder the Settlement Amount.

The "**Settlement Amount**" for each Security will be calculated by the Calculation Agent as an amount per Security (representing a principal amount equal to the Calculation Amount) Rounded equal to an amount calculated in accordance with the following formula:

> *(Volume Weighted Average Sale Price per Share * Number of Shares Per Security) minus Costs per Security,*

For the purposes of these Terms and Conditions:

"**Costs per Security**" means, in respect of each Security, the pro rata proportion (of such Security in respect of all of the Securities of the Series) of Costs Rounded (after conversion thereof to the Settlement Currency at the applicable Settlement Exchange Rate);

"**Final Share Price**" means, in respect of a Share, an amount certified by the Calculation Agent as the price at which a Hypothetical Investor could have sold such Share on the Exchange during the Valuation Period after conversion thereof to the Settlement Currency at the applicable Settlement Exchange Rate (provided that if, due to the occurrence of one or more Market Disruption Events or any other reason the Calculation Agent determines that a Hypothetical Investor could not have sold all of the Aggregate Number of Shares during the period of 30 calendar days from the Scheduled Valuation Date, the share price of each such unsold Share shall be determined by the Calculation Agent)] [*specify other method for determining price*]; and

"**Volume Weighted Average Sale Price per Share**" means an amount (as determined by the Calculation Agent) equal to the product of (a) the aggregate of the Final Share Price of each Share of the Aggregate Number of Shares determined by Calculation Agent, multiplied by (b) one divided by the Aggregate Number of Shares.

6.2 **Early Termination**

The Issuer may terminate (an "**Issuer Early Termination**") the Securities in whole, but not in part, any time if it shall have determined in its sole and absolute discretion that due to any applicable present or future law (including, without limitation, any tax law), rule, regulation, judgment, order or directive of any governmental, administrative, legislative, regulatory, taxing or judicial authority or power, or any change in the interpretation thereof ("**Applicable Law**"), that (a) any of the Issuer's obligations under the Securities is or will become unlawful, illegal, or otherwise prohibited in whole or in part, (b) any Hedge Position is or will become unlawful, illegal, or otherwise prohibited in whole or in part, (c) it has become illegal to hold, acquire or dispose of the Shares relating to the Securities or (d) the Issuer will incur a materially increased cost in performing its obligations under such transaction (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) (a "**Change in Law**").

In such circumstances, the Issuer will if, and to the extent, permitted by the Applicable Law pay to each Holder in respect of each Security an amount calculated by it as the fair market value of the Security immediately prior to such Issuer Early Termination (taking into account such illegality or other event resulting in such early termination) less the internal and external costs to the Issuer of unwinding any related Hedge Position.

Payments will be made in the manner set out in a notice to be issued under these Terms and Conditions.

6.3 **Reference to Principal**

References to principal shall be deemed to include, wherever the context so admits, any amounts payable under the Securities other than by way of Additional Amounts.

7. **Substitution**

7.1 **Substitution of Issuer**

The Issuer, or any previously substituted company, may at any time, without the consent of Holders, substitute for itself as principal obligor under the Securities any company (the "**Substitute Issuer**"), subject to:

(a) the obligations of the Substitute Issuer under the Securities being guaranteed by the Issuer or by Nomura Holdings Inc. (unless such company is itself the Substitute Issuer);

(b) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute Issuer having been taken, fulfilled and done and being in full force and full effect; and

(c) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Holders in accordance with these Terms and Conditions.

7.2 **Substitution of Office**

The Issuer having given at least 30 days' prior notice of the date of such substitution to the Holders in accordance with these Terms and Conditions, the Issuer may change the office through which it is acting and specify the date of such change in such notice.

8. **Extraordinary Events**

8.1 **Potential Adjustment Event**

Following the occurrence of any of the following with respect to a Share Issuer or a Share:

(a) a subdivision, consolidation or reclassification of the Share (unless resulting in a Merger Event as defined below) or a free distribution, issue or dividend of any such Share to existing holders by way of bonus, capitalisation or similar issue;

(b) a distribution, issue or dividend to existing holders of the Share of (i) other Shares, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such Shares, or (iii) share capital or other securities of another share company acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent, or (v) a distribution of cash dividends on the Share equal to or greater than eight per cent of the then current market value of the Share;

(c) an extraordinary dividend as determined by the Calculation Agent;

(d) a call by the Share Issuer in respect of Shares that are not fully paid;

(e) a repurchase by the Share Issuer or any of its subsidiaries of relevant units of the Share whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(f) in respect of the Share Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or

(g) any other event that may have a diluting or concentrative effect on the theoretical value of the Share,

(each such event a "**Potential Adjustment Event**"),

the Calculation Agent will determine whether the Issuer should take any of the following action:

(i) if the Calculation Agent determines that such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the corresponding Share, the Calculation Agent will determine in its sole discretion whether the Issuer should:

(A) make a corresponding adjustment, if any, to any one or more of the terms the Terms and Conditions (including any adjustment to any Additional Amount, the Settlement Amount, the Number of Securities per Security, the Number of Securities, the Calculation Amount and/or the Nominal Amount (in the case of Securities traded by reference to a nominal amount) or Reference Amount (in the case of Securities traded in units)); and/or

(B) (I) issue further Securities in accordance with Condition 3.2 (*Further Issues*) or securities of a different Series and distribute such further Securities and/or (II) distribute existing Securities of the same Series held by the Issuer or any Subsidiary, in each case, to Holders on a *pro rata* basis in proportion to the aggregate principal amount of the Securities then held by each such Holder,

and the Calculation Agent will determine in its sole discretion the effective date of any such adjustment and/or further issue(s) as the Calculation Agent determines appropriate to account for that diluting or concentrative effect, provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Share and determine the effective date of that adjustment, or

(ii) replace any or all of the Shares affected by a Potential Adjustment Event by shares of one or more successor issuer(s) (any such replacement being a "**Replacement Share**") (and as appropriate make corresponding replacements of the Share Issuer and corresponding appropriate adjustments to any other conditions that the Calculation Agent considers relevant), whereupon the Replacement Shares will be deemed to be the successor(s) to the relevant Share and will take effect from the date of such replacement, provided however that: (i) the selection of the Replacement Shares, shall be in the sole determination of the Calculation Agent, and shall take into account amongst any other factors it deems relevant without limitation the free-float capitalisation, the industrial sector and country of incorporation and place of listing of the Share to be replaced and any proposed successor issuer(s) and (ii) such replacement will have the effect that the relevant event would cease to apply to such replacement. Thereafter, all references to the relevant Share or Share Issuer (as applicable) shall be deemed to be references to such relevant successors; or

(iii) redeem the Securities on such date as the Calculation Agent may determine at the fair market value of such Security (taking into account such Potential Adjustment Event) by giving notice to Holders in accordance with the Terms and Conditions. Any such value shall take into account fully any internal and external costs, losses, expenses to the Issuer and any of its affiliates of unwinding or adjusting any Hedge Position, all as determined by the Calculation Agent.

The Issuer shall as soon as reasonably practicable give notice in accordance with the provisions of these Terms and Conditions if it determines that a Potential Adjustment Event has occurred and shall in such notice specify the consequences of such Potential Adjustment Event as determined by it as described above.

The Calculation Agent may, but need not, determine the adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by the Related Exchange to contracts on the Share traded on that Related Exchange. Upon making any such adjustment, the Calculation Agent shall notify the Holder in accordance with these Terms and Conditions, stating the occurrence of such Potential Adjustment Event and action proposed to be taken in relation thereto.

8.2 **Extraordinary Events**

If any of the following occurs in relation to Shares:

(a) (i) a reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the legal entity being a body corporate, trust, partnership or similar entity which issues the relevant Shares (the "**Share Issuer**") with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or exchange of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than such Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent of the outstanding Shares immediately following such event (a "**Reverse Merger**"), in each case if the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent (the "**Merger Date**") is on or before the final Valuation Date (a "**Merger Event**"));

(b) a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent and less than 100 per cent of the outstanding voting Shares of the Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant (a "**Tender Offer**");

(c) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Issuer, (A) all the Shares of that Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (B) holders of any Shares of that Share Issuer become legally prohibited from transferring them ("**Insolvency**");

(d) all the Shares or all or substantially all the assets of the Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof ("**Nationalisation**");

(e) the Exchange announces that pursuant to the rules of such Exchange, the Share has ceased (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system located in the same country as the Exchange ("**Delisting**");

(f) due to:

(i) the adoption of or change in any Applicable Law (including any action taken by a taxing authority);

(ii) the fact of or likelihood of the occurrence of a material decline, as determined by the Calculation Agent, in the creditworthiness of any Hedge Counterparty;

(iii) the general unavailability, as determined by the Calculation Agent, of (A) market participants who will agree to enter into any Hedge Position; or (B) market participants who will so enter into a Hedge Position on commercially reasonable terms;

(iv) the publication, electronic display or dissemination by an internationally recognised news source of any information resulting in adverse, negative or prejudicial publicity in relation to any entity directly associated with the Share which would in the opinion of the Issuer be sufficient to cause an investor to (A) refrain from investing in the Share or (B) divest itself of any investment in the Share;

(v) the occurrence of an event which restricts, in whole or in part or on a permanent or temporary basis, holdings or dealings of any nature in any transactions (including over the counter derivative transactions) with respect to the Share, the Share Currency or the Settlement Currency by the Issuer, the Hedge Counterparty or any of their affiliates; and

(vi) such other factors as it considers appropriate including (but not limited to) the market price for any Hedge Position and/or Shares, and events leading to a Potential Adjustment Event,

the Issuer, the Hedge Counterparty or another affiliated entity on their behalf, is unable on terms commercially reasonable to it in the context of the issue of the Securities after using commercially reasonable efforts to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hedge Position or (B) realise, recover or remit the proceeds of any Hedge Position (each such event a "**Hedging Disruption Event**");

(g) the Issuer, the Hedge Counterparty and/or any of their affiliates would incur a materially increased (as compared with circumstances existing on the Initial Fixing Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Hedge Position, or (ii) realise, recover or remit the proceeds of any such Hedge Position, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its affiliates shall not be deemed an Increased Cost of Hedging (each such event an "**Increased Cost of Hedging**");

(h) the Share Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, (an "**Insolvency Filing**");

(i) as determined by the Calculation Agent in its sole discretion, the occurrence and/or existence of an event on any day with respect to a Share that has the effect of preventing or delaying the Issuer or any of its affiliates or nominees directly or indirectly from:

(A) converting the Share Currency into the Settlement Currency through customary legal channels;

(B) converting the Share Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in the Share Jurisdiction;

(C) delivering the Settlement Currency from accounts inside the Share Jurisdiction to accounts outside the Share Jurisdiction;

(D) delivering the Share Currency between accounts inside the Share Jurisdiction or to a party that is a non-resident of the Share Jurisdiction;

(E) effectively realising the value of the Hedge Position in the Settlement Currency at any time; or

(vii) the government or other relevant authority of the Share Jurisdiction gives public notice of its intention to impose any capital controls which the Calculation Agent determines in good faith are likely to materially affect the Issuer's or its affiliates' ability to enter into any Hedge Position or unwind any Hedge Position and/or reduce the value thereof,

(a "**Currency Disruption Event**");

(j) an event has occurred, whether of general application or otherwise and which occurs as a result of present or future risks in or connected with the Share Jurisdiction(s) relating to the Share including, but not limited to, risks associated with fraud or corruption, political risk, legal uncertainty, imposition of foreign exchange controls or capital controls, changes in laws or regulations and changes in the interpretation or enforcement of laws and regulations (including without limitation those relating to taxation) and other legal and/or sovereign risks (each such event a "**Jurisdiction Event**");

(k) the Hedge Counterparty is not able to buy and/or sell Shares via a trading system commonly used within the Share Jurisdiction for such Shares or such trading system fails to calculate and publish the price of the Shares on a day on which the Calculation Agent determines that such calculation and publication was otherwise expected to be made, and in each case, which has or may have (as determined by the Calculation Agent) the effect of reducing or eliminating the value of the Hedge Proceeds at any time (each such event a "**Trading Failure**"); or

(l) in relation to Securities in respect of which the Share Jurisdiction is the Kingdom of Saudi Arabia, the Capital Market Authority (or any successor or equivalent body) of the Kingdom of Saudi Arabia (the "**Capital Market Authority**") has requested that the Hedge Counterparty or the Issuer terminate or otherwise modify any Hedge Position or imposes any qualitative or quantitative limitation or any other requirements in relation to any Hedge Position, the Securities, the holders or any document or matter in relation thereto (a "**CMA Order**"),

(each an "**Extraordinary Event**"), the Calculation Agent will determine whether the Issuer should take any of the following action:

(A) make an adjustment, if any, to the Terms and Conditions, as the Calculation Agent determines appropriate to account for the economic effect on the Securities of the Merger Event, Tender Offer, Insolvency, Nationalisation, Delisting, Hedging Disruption Event, Increased Cost of Hedging, Insolvency Filing, Currency Disruption Event, Jurisdiction Event, Trading Failure or CMA Order, as the case may be, including (but not limited to) deferring the date upon which any determinations are to be made and/or adjusting the Initial Share Price, any variable and/or any other terms and/or any calculations and/or delaying the payment of the Settlement Amount or any Additional Amount and/or reducing the Settlement Amount or any Additional Amount to zero, provided that if the Share Jurisdiction of the Securities is the Kingdom of Saudi Arabia, the payment of the Settlement Amount or any Additional Amount may not be delayed later than the date falling four years after the Trade Date (notwithstanding that such date may be the Settlement Date of the Securities and therefore no extension of the term of the Securities may occur).

The Calculation Agent shall determine the effective date of any such adjustment, provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to such Shares. The Calculation Agent may, but need not, determine the adjustment by reference to any adjustment in respect of such Extraordinary Event made by the Related Exchange to contracts on the Share traded on that Related Exchange;

(B) replace any or all of the Shares affected by the Merger Event, Tender Offer, Insolvency, Nationalisation, Delisting, Hedging Disruption Event, Increased Cost of Hedging, Insolvency Filing, Currency Disruption Event, Jurisdiction Event, Trading Failure or CMA Order, as the case may be, by shares of one or more successor issuer(s) (any such replacement being a "**Replacement Share**") (and as appropriate make corresponding replacements of the Share Issuer and corresponding appropriate adjustments to any other conditions that the Calculation Agent considers relevant), whereupon the Replacement Shares will be deemed to be the successor(s) to the relevant Share and will take effect from the date of such replacement, provided however that: (i) the selection of the Replacement Shares, shall be in the sole determination of the Calculation Agent, and shall take into account amongst any other factors it deems relevant without limitation the free-float capitalisation, the industrial sector and country of incorporation and place of listing of the Share to be replaced and any proposed successor issuer(s) and (ii) such replacement will have the effect that the relevant event would cease to apply to such replacement. Thereafter, all references to the relevant Share or Share Issuer (as applicable) shall be deemed to be references to such relevant successors; or

(C) redeem the Securities on such date as the Calculation Agent may determine at the fair market value of such Security (taking into account Extraordinary Event) by giving notice to Holders in accordance with these Terms and Conditions. Any such value shall take into account fully any internal and external costs, losses, expenses to the Issuer, the Hedge Counterparty and any of their affiliates of unwinding or adjusting any Hedge Position, all as determined by the Calculation Agent.

The Issuer shall as soon as reasonably practicable give notice in accordance with the provisions of these Terms and Conditions if it determines that an Extraordinary Event has occurred and shall in such notice specify the consequences of such Extraordinary Event as determined by it as described above.

8.3 Change of Exchange

If an Exchange is changed, the Calculation Agent shall make such consequential modifications to the calculation of any Additional Amount or Termination Amount as it may determines appropriate to account for the effect of such change of Exchange. Any such modification will be promptly notified to the Holders.

8.4 More than one adjustment or termination event

In the circumstance where one or more event may satisfy the terms of two or more of the adjustment or termination events set forth in this Condition 8 (or Condition 6 (*Settlement*)), then the Calculation Agent shall determine which adjustment or termination event shall be applicable.

9. Taxation

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the issue, ownership or transfer of any Securities (other than any amount it is required by law to deduct or withhold from payments thereon). In relation to each Security the relevant Holder shall pay all Expenses. All payments in respect of the Securities shall in all cases be subject to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Holder shall be liable for and/or pay any tax, duty or charge in connection with the issue or ownership of and/or any transfer or payment in respect of the Securities held by such Holder. The Issuer shall have the right, but shall not be obliged (unless required by law), to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment and, for the avoidance of doubt, the Issuer shall not be required to gross-up any payments made to Holders where any such withholding or deduction is made.

10. Determinations and Modifications and Meetings

10.1 Determinations

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions, by the Issuer, the Calculation Agent, the Clearing System and any Agents shall (in the absence of wilful default, bad faith or manifest error) be final, binding and conclusive on the Holders and (in the absence as aforesaid) no liability to the Issuer the Calculation Agent, the Clearing System and any Agents in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

Any matter that falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including, where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), shall be decided upon by the Calculation Agent or such other person as the case may be in its sole and absolute discretion acting in a commercially reasonable manner, taking into account any market factors and other factors as the Calculation Agent or such other person deems relevant including, without limitation, any Hedge Position (including, without limitation, any impact on such position, the ability to retain such position and the cost of unwinding any such position).

10.2 Modifications

In addition to any rights of the Issuer under Condition 8 (*Extraordinary Events*), the Issuer may, without the consent of the Holders, or any of them, modify any provisions of the Terms and Conditions provided it considers that:

(a) any such modification is not materially prejudicial to the interests of the Holders; or

(b) any modification of the Securities is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the laws of England and Wales.

Any such modification shall be binding on the Holders.

10.3 **Meetings**

The Agency Agreement contains provisions for the convening of meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of the Securities. Such a meeting may be convened by Holders holding not less than 10 per cent in nominal amount of the Securities or, in the case of Securities which are traded in units, 10 per cent of the quantity of Securities, for the time being remaining outstanding or by the Issuer. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount or unit quantity of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount or unit quantity of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Securities (including the reduction or cancellation of the amount payable or, where applicable, modification, except where such modification is bound to result in an increase, of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or Additional Amount in respect of the Securities or the alteration of the currency in which payments under the Securities are to be made) or certain of the provisions of the Agency Agreement, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount or unit quantity of the Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

11. **Agents**

11.1 **Principal Agent, Agents and Calculation Agent**

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents or Calculation Agent and/or approve any change in the specified office through which any such Agent or Calculation Agent acts, provided that:

(a) so long as the Securities are listed, quoted and/or traded on any stock exchange, competent listing authority and/or quotation system there will at all times be an Agent with a specified office in each place as may be required by the rules and regulations of the relevant stock exchange, competent listing authority and/or quotation system with responsibility for making payments and settlements; and

(b) there will at all times be a Calculation Agent.

11.2 **Delegation**

The Calculation Agent (except where it is the Issuer) may delegate, with the consent of the Issuer, any of its obligations and functions to a third party as it deems appropriate. Where the Calculation Agent is the Issuer it may delegate any of its obligations and functions to a third party as it deems appropriate.

11.3 **Liability**

In acting under the Agency Agreement the Principal Agent, the Calculation Agent and each Agent will act solely as agents of the Issuer and will not assume any obligations or relationships of agency or trust to or with the Clearing System or the Holders. The Agency Agreement contains provisions for the indemnification of each of the Agents and the Calculation Agent and for their relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer without being liable to account to the Holders for any resulting profit. The Agency Agreement also contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Principal Agent, the Calculation Agent or any Agent shall have any responsibility for any errors or omissions in the calculation of the Settlement Amount, the Final Share Price or the Additional Amount or any other amount to be paid under the Securities.

12. **Miscellaneous**

12.1 **Verification**

In respect of any communication from a Holder, the relevant Holder must provide evidence in form and substance reasonably satisfactory to the Principal Agent as to such Holder's holding of such quantity of Securities. Payment (whether on account of an Additional Amount or of the Settlement Amount or any other amount arising under the Securities) or delivery of any Share Amount arising under the Securities may be withheld until such time as such evidence is so produced.

12.2 **Validity of Notices by Issuer**

All announcements and notices regarding the Securities given by the Issuer shall be valid if published via the applicable Clearing System(s) and otherwise in accordance with the rules and regulations of any stock exchange, competent listing authority and/or quotation system (or any other relevant authority) on or by which the Securities are for the time being listed, quoted and/or traded.

12.3 **Delivery of Notices by Issuer**

Any such notice given by the Issuer will be deemed to have been given on the day following its delivery to the applicable Clearing System or, if given to more than one Clearing System on the day following the date first delivered to a Clearing System) or if published in accordance with such rules and regulations on the date of such publication (and if published on different dates) then on the date first published.

12.4 **Validity of Notices by Holder**

Notices to be given by any Holder shall be given by such Holder to the Agent via the relevant Clearing System in such manner as, and to the extent that, the Agent and the relevant Clearing System approve for this purpose.

12.5 **Adjustments and Corrections to Prices**

If any price or level published on an Exchange or by a Share Issuer or its administrator or trustee and which in any case is utilised for any calculation or determination made with respect to the Securities is subsequently corrected and the correction is published by such party within one Settlement Cycle after the original publication, the Calculation Agent may (if it becomes aware of such correction and its publication within such period) determine the economic effect of such correction as regards the Securities and, to the extent appropriate, adjust the terms of the Securities to account for such correction provided that no such adjustment may be made later than two Business Days prior to the next following date on which a payment may have to be made in connection with the publication of such price.

"**Settlement Cycle**" means the period following a trade in the Share in which settlement customarily occurs as determined by the Calculation Agent.

13. **Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Securities. This does not affect any right or remedy of any person which exists or is available apart from that Act.

14. **Governing Law and Jurisdiction**

The Securities (and any dispute, controversy, proceeding or claim of whatever nature (whether contractual or otherwise) arising out of or in any way relating to the Securities or their respective formation) shall be governed by and construed in accordance with English law.

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Securities and accordingly any legal action or proceedings arising out of or in connection with any Securities may be brought in such courts.

15. **Definitions and Interpretation**

"**Additional Amount**" has the meaning given to it in Condition 5 (*Additional Amount*).

"**Additional Amount Payment Date**" has the meaning given to it in Condition 5 (*Additional Amount*).

"**Agency Agreement**" means the agency agreement with respect to the Securities dated 10 September 2007 as amended and restated on 28 March 2008 and as further amended from time to time between the Principal Agent and Paying Agent, the Calculation Agent and the Issuer.

"**Agent**" means BNP Paribas Securities Services, Luxembourg Branch as initial principal agent (the "**Principal Agent**") [*and specify any other principal agent*]] and BNP Paribas Securities Services, Luxembourg Branch as paying agent (the "**Paying Agent**") [and [*specify any other paying agent*]], each acting through its specified office and together, the "**Agents**" which expression shall include any other Agent appointed pursuant to the Terms and Conditions.

"**Aggregate Nominal Amount**" means [*specify currency*] [*specify amount*].

"**Aggregate Number of Shares**" means the Number of Shares Per Security multiplied by the Outstanding Number of Securities, rounded down to the nearest integral number of Shares.

"**Applicable Exchange Rate**" has the meaning given to it in Condition 5 (*Additional Amount*).

"**Applicable Law**" has the meaning given to it in Condition 6 (*Settlement*).

"**Applicable Payment**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Business Centre**" means [*Specify Business Centre(s)*].

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the [*specify Business Centre*] and a day on which each Clearing System is open for business. If TARGET is specified as a Business Centre, then Business Day shall also be a day which is a TARGET Settlement Day.

"**Calculation Agent**" means [Nomura International plc][*Specify calculation agent*].

"**Calculation Amount**" means, in respect of each Security, [*insert amount*].

"**Capital Market Authority**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Change in Law**" has the meaning given to it in Condition 6 (*Settlement*).

"**Clearing System**" means [*Specify clearing system*] and such further or alternative Clearing System(s) as may be approved by the Issuer from time to time and notified to the Holders in the manner prescribed in the Terms and Conditions (each a "**Clearing System**" and together the "**Clearing Systems**").

"**Clearing System Business Day**" means a day on which the relevant Clearing System is open for business.

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme.

"**CMA Order**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Costs**" means, in respect of any Additional Amount or Settlement Amount, any commissions, costs, expenses, duties, taxes (including, but not limited to, any capital gains tax, withholding tax, stamp duties or increases introduced in the rates of stamp duties with respect to the Shares in effect or after the Trade Date and other duties and taxes whatsoever in effect), levies, registration fees, custodial fees or other charges (determined on a per share basis) which would be required to be made, paid, withheld or deducted by or on behalf of a Hypothetical Investor, the Issuer or the Hedge Counterparty or any affiliate as a result of, or in connection with, the holding of and/or selling of and/or realising any Shares and/or Hedge Position, as determined by the Calculation Agent.

"**Costs per Security**" has the meaning given to it in Condition 6 (*Settlement*).

"**Currency Disruption Event**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Disrupted Day**" means in respect of a Share, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"**Dividend Amount**" has the meaning given to it in Condition 5 (*Additional Amount*).

"**Dividend Period**" has the meaning given to it in Condition 5 (*Additional Amount*).

"**Euroclear**" means Euroclear Bank S.A./N.V.

"**Exchange**" means, with respect to a Share, [*specify exchange*] and any successor to such exchange or trading or quotation system or any substitute exchange or trading or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined in good faith and on a fair and commercial basis there is comparable liquidity to the Share on such temporary substitute exchange or trading or quotation system as on the Exchange).

"**Exchange Business Day**" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Expenses**" means, in relation to any Security, all taxes, duties and or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with any payment or delivery in respect of such Security.

"**Extraordinary Dividend**" has the meaning given to it in Condition 5 (*Additional Amount*).

"**Extraordinary Event**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Extraordinary Resolution**" means a resolution passed at a meeting of Holders duly convened and held by a majority consisting of not less than three-quarters of the votes cast.

"**Final Share Price**" has the meaning given to it in Condition 6 (*Settlement*).

"**Financial Centre**" means [*provide details*].

"**Global Security**" means a global security which represents the Securities and which is deposited with (i) where the Clearing Systems are Euroclear and Clearstream, Luxembourg, the common depositary for such Clearing Systems, or (ii) in the case of any other Clearing System, the depository for such Clearing System.

"**Hedge Counterparty**" means, in relation to any Series of Securities, the entity (which may be an affiliate of the Issuer) with whom the Issuer or any affiliate has entered into, or maintains with, a Hedge Position.

"**Hedge Position**" means, in respect of any Series of Securities, any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange or (ii) other instruments or arrangements (howsoever described) by (a) the Issuer or any affiliate thereof in order to hedge such Securities or (b) the Hedge Counterparty in order to hedge its holding of the Aggregate Number of Shares.

"**Hedge Proceeds**" means, in relation to any Additional Amount or Settlement Amount as the case may be, the cash amount (which may be zero) constituting the proceeds (if any) relating to such Additional Amount or Settlement Amount (as applicable) received by the Issuer under the relevant Hedge Position (as determined by the Calculation Agent).

"**Hedging Disruption Event**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Holder**" has the meaning given to it in Condition 1 (*Form of, and Title to, the Securities*).

"**Hypothetical Investor**" means a company (which, if the Share Jurisdiction is the Kingdom of Saudi Arabia, is incorporated in the Kingdom of Saudi Arabia and which may be a wholly or partly non-Saudi Arabian owned company) with a holding in the Aggregate Number of Shares.

"**Increased Cost of Hedging**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Initial Fixing Date**" means [*specify date*] [*the Issue Date*] provided that where the Share Jurisdiction is the Kingdom of Saudi Arabia, the Initial Fixing Date shall be no earlier than the Trade Date.

"**Initial Share Price**" means [*specify amount*].

"**Insolvency**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Insolvency Filing**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Issue Date**" means [*insert date*].

"**Issue Price**" means [[●] per cent of the Aggregate Nominal Amount [[*Specify currency*] [*Specify amount*]].

"**Issuer**" means Nomura Bank International Plc.

"**Issuer Early Termination**" has the meaning given to it in Condition 6 (*Settlement*).

"**Jurisdiction Event**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Market Disruption Event**" shall mean with respect to any Share:

(a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange (if any) or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange (if any) or otherwise (i) relating to the relevant Share on that Exchange or Related Exchange, or (ii) futures or options contracts relating to the Share on any relevant Related Exchange at any time on the relevant date (a "**Trading Disruption**"));

(b) any event (other than an Early Disclosure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or futures or options contracts relating to the Share on any relevant Related Exchange; or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Shares on any relevant Related Exchange at any time during the relevant date (an "**Exchange Disruption**");

(c) a closure on any Exchange Business Day of a relevant Exchange or Related Exchange (if any) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange (if any) or Related Exchange on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange (if any) system for execution on such Exchange Business Day (an "**Early Closure**");

(d) in respect of a Share which is not listed or quoted on an Exchange or is otherwise not available for dealing via an Exchange, the unavailability of a price of, or the ability to enter into transactions for, such Share on the system from the party or through the mechanism by or from which prices for such Share are, in the determination of the Calculation Agent, customarily obtained;

(e) a material restriction on the sale and purchase of Shares in the Share Jurisdiction;

(f) any failure by local entities in the Share Jurisdiction involved in the process of transfer and/or registration of the Shares, including, without limitation, custodians, registrars and clearing houses to perform their duties in a timely manner; or

(g) any prevailing market conditions which in the good faith opinion of the Calculation Agent should be characterised as such.

"**Merger Date**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Merger Event**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Nationalisation**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**net cash dividend**" has the meaning given to it in Condition 5 (*Additional Amount*).

"**Nominal Amount**" (in the case of Securities traded by reference to a nominal amount) or "**Reference Amount**" (in the case of Securities traded in units) in respect of each Security means [*insert amount*].

"**Number of Securities**" means the initial aggregate principal amount of Securities, plus the initial aggregate principal amount of any Securities issued pursuant to Condition 3.2 (*Further Issues*), divided by the Nominal Amount (in the case of Securities traded by reference to a nominal amount) or Reference Amount (in the case of Securities traded in units), unless otherwise specified in the relevant Final Terms and subject to adjustment in accordance with these Terms and Conditions.

"**Number of Shares Per Security**" has the meaning given to it in Condition 5 (*Additional Amount*).

"**Outstanding Number of Securities**" means the Number of Securities as reduced at any date by the number of Securities which have been repurchased and cancelled.

"**Payment Day**" means any day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in (i) each Financial Centre and (ii) either:

(a) if the Settlement Currency is not Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country appropriate to the Settlement Currency (if other than the place of presentation of such Security); or

(b) if the Settlement Currency is Euro, a day which is a TARGET Settlement Day.

"**Potential Adjustment Event**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Record Date**" means, for the purpose Condition 5 (*Additional Amount*), the ex-dividend date (or if the Share Jurisdiction is the Kingdom of Saudi Arabia, the Scheduled Trading Day prior to the ex-dividend date) in relation to the Additional Amount as determined by the Calculation Agent, unless the Calculation Agent notifies the Issuer and the Paying Agent of a different date for such purpose (in which case the Paying Agent shall as soon as reasonably practicable notify the Holders thereof) and for all other purposes [*specify*] Clearing System Business Day(s) prior the Settlement Date, or such other date as determined by the rules and regulations of such Clearing System(s) so utilised.

"**Related Exchange**" means, in relation to a Share, [*specify exchanges*] [*each stock exchange on which options and futures in the Shares are traded*].

"**Replacement Share**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Reverse Merger**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Rounded**" means, except with regard to Japanese Yen, that amounts in the Settlement Currency shall be rounded down to the nearest two decimal places in such currency with 0.005 being rounded downwards; and with regard to Japanese Yen, amounts in the Settlement Currency shall be rounded down to the nearest whole number of Yen, and "Rounding" and related expressions shall be construed accordingly.

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"**Scheduled Trading Day**" means, in relation to a Share, (i) if the Share is listed or quoted on an Exchange or is otherwise available for dealing via an Exchange or any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions, or (ii) if the Share is a Share which is not listed or quoted on an Exchange or is otherwise available for dealing via an Exchange, a day in respect of which the relevant price or value is available or on the system, from the party or through the mechanism by which such Share is customarily traded (or, but for the occurrence of a Disrupted Day, would have been expected to be published).

"**Securities**" means the [*insert name and title*].

"**Series**" means [*insert details of the Series*].

"**Settlement Amount**" has the meaning given to it in Condition 6 (*Settlement*).

"**Settlement Currency**" means [*specify the Settlement Currency*].

"**Settlement Date**" means the [*date falling [specify number of days*] Business Days following the final Valuation Date][*Specify date*].

"**Settlement Exchange Rate**" means, in respect of each Share and the related Final Share Price or any Costs, the prevailing spot rate on or about the date on which the Calculation Agent determines such Final Share Price or such Costs, as the case may be, for converting such Final Share Price or Costs, as the case may be, into the Settlement Currency (whether directly or via one or more intermediate currencies).

"**Share**" means the Share specified in the Final Terms. Any reference to a "Share" shall be deemed to be to one unit of the Shares. Information as to the historic and current performance and volatility of the Share may be found on the relevant Bloomberg page as set out the Final Terms.

"**Share Currency(ies)**" means the currency(ies) of the amounts which a holder of the Aggregate Number of Shares may receive.

"**Share Issuer**" means the entity specified as such in the Final Terms

"**Share Jurisdiction**" means [*insert jurisdiction*].

"**Subsidiary**" means any company which is a subsidiary and which is described as such in the consolidated accounts of Nomura Holdings Inc.

"**Substitute Issuer**" has the meaning given to it in Condition 7 (*Substitution*).

"**TARGET Settlement Day**" means any day on which TARGET2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system) (or any successor thereto) is open for the settlement of payments in Euro.

"**Tender Offer**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Trade Date**" means [*insert date*].

"**Trading Failure**" has the meaning given to it in Condition 8 (*Extraordinary Events*).

"**Tranche**" means [●] [*insert details of the Series with which the Securities are fungible, including the date on which the Securities become fungible*].

"**Valuation Date**" means [*insert Valuation Date*] (the "**Scheduled Valuation Date**") or, if such date is not a Scheduled Trading Day, the Valuation Date in respect of the Share shall be the immediately following day which is a Scheduled Trading Day unless in the opinion of the Calculation Agent, such day is a Disrupted Day in respect of the Share and provided that if the Share Jurisdiction is the Kingdom of Saudi Arabia, the Valuation Date shall not be more than four years from the Trade Date.

"**Valuation Period**" means the period commencing on (and including) the Valuation Date and ending on (and including) the Exchange Business Day immediately following the date on which (as determined by the Calculation Agent in its discretion) a Hypothetical Investor would have completed the sale of the Aggregate Number of Shares.

"**Volume Weighted Average Sale Price per Share**" has the meaning given to it in Condition 6 (*Settlement*).

TAX CONSIDERATIONS

General information

The following summary of certain tax implications of an investment in the Securities is based on the effective tax legislation at the time this Prospectus was prepared. Potential investors and sellers of the Securities should be aware that the tax implications may change due to any future changes in legislation, perhaps with retrospective effect. Although this summary reflects the Issuer's opinion of certain tax implications, it must not be understood as a guarantee in an area that is not conclusively clarified in the United Kingdom. Moreover, it must not provide the sole basis for assessing the tax implications of investing in the Securities, since the individual situation of the particular investor must also be taken into account.

United Kingdom

General

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest by the Issuer in respect of the Securities. The comments below are of a general nature based on current United Kingdom law and HM Revenue and Customs practice and are not intended to be exhaustive. Prospective investors who are in any doubt as to their own tax position should consult their professional advisers.

Withholding of Tax for or on Account of Interest in the United Kingdom

The Securities issued should constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange, within the meaning of section 1005 of the Income Tax Act 2007 (the "Act"). The London Stock Exchange is a recognised stock exchange for these purposes. The Securities will satisfy this requirement if they are included in the official UK list and are admitted to trading on the London Stock Exchange. Whilst the Securities are and continue to be quoted Eurobonds, payments of interest on the Securities may be made without withholding or deduction for or on account of United Kingdom tax.

Provided the Issuer is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**Act**"), any interest on the Securities which is paid by the Issuer in the ordinary course of its business within the meaning of section 878 of the Act may be paid without withholding or deduction for or on account of United Kingdom income tax.

Interest paid on Securities with a maturity of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Securities part of a borrowing with a total term of 365 days or more can be paid without withholding or deduction for or on account of United Kingdom income tax.

In all other cases, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20 per cent), subject to the availability of other reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Payments of income which are made by the Issuer in respect of the Securities and which are not regarded as payments of interest for United Kingdom tax purposes may be made without any withholding or deduction for or on account of United Kingdom tax.

The references to "interest" in this United Kingdom Taxation Section mean "interest" as understood in United Kingdom tax law (which may, for example, include some or all of a premium paid on redemption). The statements do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Securities or any related documentation.

Information

In certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of the payee or person entitled to the interest, HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of the Securities which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although, HMRC published practice indicates that HMRC will not generally exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2010. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the payee or person entitled to the interest is resident for tax purposes.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or for an individual resident (or certain limited types of entities established) in that other Member State. However, for a transitional period, Austria and Luxembourg will instead impose a withholding system in relation to such payments unless during such period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland and certain dependant or associated territories of EU Member States have adopted similar measures to the EU Directive (a withholding system in the case of Switzerland).

The Directive has been the subject of a review which has resulted in a series of proposals being put forward to amend the directive. Any changes could apply to Securities that have already been issued at the date of the amendment of the directive.

Substitution of Issuer

If any company is substituted for the Issuer as principal obligor under any of the Securities, that company may, subject to the availability of any reliefs or exemptions, need to deduct or withhold amounts for or on account of tax, either of the United Kingdom or elsewhere, from payments of interest and other amounts due under those Securities.

SELLING AND TRANSFER RESTRICTIONS

Prospective purchasers should take appropriate advice regarding their proposed holding or disposal of the Securities. The statements which appear below are of a general nature. Prospective purchasers in each jurisdiction must ensure that they are able validly to take delivery of the Securities and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any clearing system at the time of settlement.

General

Managers (if any) with respect to an issue of Securities shall be required to agree that they will comply with all applicable securities laws and regulations in force in any jurisdiction in which they purchase, offer, sell or deliver Securities or possess or distribute this document or other information in relation to this Prospectus or the issue of any Securities and will obtain any consent, approval or permission required by them for the purchase, offer, or sale by them of such Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall have no responsibility therefor.

Neither the Issuer nor any Manager represents that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Further, Managers will be required to comply with any additional restrictions as the Issuer and the Manager shall agree as being applicable.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented and agreed, and each further Manager appointed under the Agency Agreement will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Securities to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Securities to the public in that Relevant Member State:

(a) if the Final Terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last (or in the case of Sweden, last two) financial year(s), (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last (or in the case of Sweden, last two) annual or consolidated accounts; or

(d) at any time to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Manager nominated by the Issuer for any such offer, or

(e) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Securities referred to in paragraphs (b), (c), (d) and (e) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measures in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Hong Kong Special Administrative Region

Each Manager acknowledges and agrees that the Securities have not been authorised by the Hong Kong Securities and Futures Commission. Each Manager has represented and agreed, and each further Manager appointed under the Agency Agreement and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

India

Each Manager shall ensure that any offer, sale, purchase or delivery of Securities is in full compliance with the following selling restrictions and by the purchase of any Securities, on the date of purchase and on each day the Securities are being held, each Security-holder will be deemed to represent and warrant that its purchase of the Securities is in full compliance with the following selling restrictions and it undertakes and agrees to the selling restrictions below:

(a) The Securities shall not be offered, sold or transferred to (i) a "person resident in India" (as such term is defined in the Foreign Exchange Management Act, 1999, as may be amended or supplemented from time to time), or, (ii) a "non-resident Indian" (as such term is defined in the Foreign Exchange Management (Deposit) Regulations, 2000 as may be amended or supplemented from time to time), (each a "**Restricted Entity**");

(b) The Securities shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity.

For the purposes of this representation, a "**controller**" means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who:

(i) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or

(ii) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or

(iii) who in fact exercises control over an entity.

For the purposes of this representation, "**control**" means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity's controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity's financial, investment and /or operating policies;

(c) The Securities shall only be purchased by a principal for its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the issuance of a back-to-back offshore derivatives instrument ("**ODI**") (as such term is defined for the purposes of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulation 1995 and notifications, circulars, rules and guidelines of the Securities and Exchange Board of India issued from time to time) (collectively referred to as the "**FII Regulations**") can be entered into against the Securities; For the purpose of this paragraph (A)(3), a "back-to-back ODI" shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations).

(d) The Securities shall only be offered to a "person regulated by an appropriate foreign regulatory authority" (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the FII Regulations) (a "**Regulated Entity**"); Sovereign Wealth Funds/Foreign Government Bodies (SWF/FGB) are deemed to be eligible to be issued ODIs under the existing provisions of regulation 15A.

(e) The Securities shall not be purchased with the intent of circumventing or otherwise avoiding any requirements applicable under the FII Regulations (including, without limitation, any restrictions applying to foreign institutional investors in relation to their issuances and/or other dealings in the Securities with, Restricted Entities and persons/entities who are not Regulated Entities); and

(f) The Securities cannot be sold, transferred, assigned or novated or otherwise disposed of and no back-to-back ODIs may be entered into and no agreement with respect to any of the foregoing may be entered into by the Security-holder nominees, associates or affiliates (each, a "**Transfer**") with, an entity which is a Restricted Entity or an entity which is not a Regulated Entity. For the purpose of this paragraph (f), a "back-to-back ODI" shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations).

Further, by the purchase of any Securities, each purchaser of the Securities is deemed to have agreed and undertaken as follows (and for the avoidance of doubt, such agreements and undertakings shall survive the maturity or expiration date of such Securities):

(a) It will, in the case where it or its nominees, associates or affiliates sell, transfer, assign, novate or otherwise dispose of the Securities to, or enter into any back-to-back ODIs or enter into an agreement with respect to any of the foregoing with any party:

(i) provide notice of these "Indian Selling Restrictions" to any person to whom a Transfer was made (the "**Transferee**"); and

(ii) issue a written notice to the Issuer in such form as the Issuer may determine within two (2) business days after the Transfer.

For the purpose of this paragraph (a), a "back-to-back ODI" shall not include the issue of any ODI to be issued by a party who makes monthly or periodic disclosure of ODI transactions to the Securities and Exchange Board of India and will disclose the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations).

(b) The Issuer and its associates/affiliates are authorised to provide information in their possession regarding it, any Transferee, each of the nominees or associates/affiliates of it and/or the Transferee, the Securities and any breach of these representations, warranties, agreements and undertaking to any Indian governmental or regulatory authorities (each an "**Authority**") as the Issuer or its associates/affiliates reasonably deems necessary or appropriate in order to comply with regulations or requests of such Authority from time to time, including but not limited to disclosures in periodic reportings made by the Issuer or its associates/affiliates to any Authority;

(c) It will and shall procure its nominees or associates/affiliates to, provide the Issuer or its associates/affiliates (as the case may be) promptly with such additional information that the Issuer or its associates/affiliates (as the case may be) reasonably deems necessary or appropriate in order to comply with regulations or requests of any Authority from time to time;

(d) It acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these "Indian Selling Restrictions" (including, without limitation, any restrictions with respect to a Transfer) ("**ODI Holder Obligations**") may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the ODI Holder Obligations by it, the Issuer and/or its associates/affiliates may notify the Authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Securities including these "Indian Selling Restrictions", or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the Securities by the Issuer or its associates/affiliates; and

(e) It will promptly notify the Issuer or its associates/affiliates should any of the representations, warranties, agreements and undertakings given by it changes or no longer holds true.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Law**"**).** Accordingly, each Manager shall represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, a resident of Japan which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan, or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Law and other relevant laws, regulations and ministerial guidelines of Japan.

Kuwait

The Securities have not been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The offering of the Securities in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990, as amended, and Ministerial Order No. 113 of 1992, as amended. No private or public offering of the Securities is being made in Kuwait, and no agreement relating to the sale of the Securities will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Securities in Kuwait.

People's Republic of China

The Securities may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly, to any Domestic Investor as defined in the Administrative Rules of Securities Accounts of China Securities Depository and Clearing Corporation Limited.

Qatar

Neither this Prospectus nor any applicable Final Terms is or shall be intended to constitute an offer, sale or delivery of shares or other financing instruments under the laws of Qatar. The Securities have not been and will not be registered under Decree Law No. (14) of 1995 establishing the Doha Securities Market (now the Qatar Exchange, "**QE**") and the internal regulations of the QE (the "**QE Internal Regulations**") or with the Qatar Central Bank or any laws of the State of Qatar ("**Qatar**"). The Securities and interests therein will not be offered to investors domiciled or resident in Qatar.

Saudi Arabia, Kingdom of

Securities may not be offered or sold into the Kingdom of Saudi Arabia or to or for the benefit of anyone who is not a "non-resident foreign investor" for the purpose of the CMA Resolution (as defined in "Form of Security-holder Letter" below).

Each purchaser of Securities in respect of which the Share Jurisdiction is the Kingdom of Saudi Arabia shall be obliged to sign and deliver to the Issuer and the "Authorised Person" a letter in substantially the form set forth in "Form of Security-holder Letter" below, and comply with the authorisations, representations, warranties confirmations and undertakings set forth therein.

United Arab Emirates

Dubai International Finance Centre:

This offering documents is not intended to constitute a financial promotion, an offer, sale or delivery of shares or other securities under the Dubai International Financial Centre (the "**DIFC**") Markets Law (DIFC Law No 12 of 2004, as amended) (the "**Markets Law**") or under the Offered Securities Rules (the "**OSR**") of the Dubai Financial Services Authority (the "**DFSA**"). The offering and the Securities and interests therein have not been approved or licensed by the DFSA, and do not constitute an offer of securities in the DIFC in accordance with the Markets Law or the OSR.

Dubai International Finance Centre" and "United Arab Emirates (excluding the Dubai International Finance Centre:

This offering document, and the information contained herein, does not constitute and is not intended to constitute, a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. This offering document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). No transaction will be concluded in the UAE and any enquiries regarding this offering document should be made to the Issuer's office in London.

United Kingdom

Each Manager has represented and agreed, and each further Manager appointed with respect to an issue of Securities will be required to represent and agree, that:

(a) in relation to any Securities which have a maturity of less than one year from their date of issue, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not, and would not, if the Issuer were not an authorised person, apply to the Issuer; and

(c) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

United States of America

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each Manager has represented and agreed and each further Manager appointed under the Programme will be required to represent and agree that, except as permitted by the Agency Agreement, it will not offer, sell or deliver Securities (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Securities of which such Securities are a part within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each manager to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the completion of the distribution of all Securities of which such Securities are a part, an offer or sale of Securities within the United States by any manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each issue of Securities shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Manager shall agree as a term of the issue and purchase of such Securities, which additional selling restrictions shall be set out in the applicable Final Terms. Each Manager has agreed and, if different, the relevant Manager in respect of each such issue will be required to agree that it will offer, sell or deliver such Securities only in compliance with such additional U.S. selling restrictions.

Additional Selling Restrictions

As set out in the Final Terms.

FORM OF SECURITY-HOLDER LETTER

In relation to Securities in respect of which the Share Jurisdiction is the Kingdom of Saudi Arabia, each purchaser of Securities shall be obliged to sign and deliver to the Issuer and the "Authorised Person", a letter substantially in the form below.

[*On letterhead of Security-holder*]

To:

Nomura Bank International plc
1 Angel Lane
London EC4R 3AB

[*Authorised Person*]

[*Date*]

Dear Sir/Madam,

Authorisations, representations, warranties, confirmations and undertakings as to compliance with Saudi law requirements with regard to holding Securities linked to Saudi Shares

We, [*Legal Name of Security-holder or investment manager/client acting on behalf of end Security-holder(s)*] (the "**Undersigned**") domiciled in [*Undersigned's Country of Origin*] refer to the base prospectus dated [●] 2012 (as amended and supplemented from time to time, the "**Prospectus**") of Nomura Bank International plc (the "**Issuer**") relating to the issuance of Participation Securities (the "**Securities**") referencing shares ("**Saudi Shares**") in respect of which the Share Jurisdiction is specified in the applicable Final Terms to be the Kingdom of Saudi Arabia. Unless otherwise defined herein, words and expressions used in this letter shall have the same meaning given to them in the Prospectus.

Where the Undersigned is an investment manager or other person purchasing on behalf of one or more ultimate beneficial owners (each, a "**Beneficial Owner**"), each confirmation, acknowledgement, authorisation, representation, warranty and undertaking set out in this letter is made by the Undersigned both on its own behalf as well as by the Undersigned on behalf of each such Beneficial Owner, save where explicitly provided otherwise in this letter.

The Undersigned confirms that it is aware that:

(a) The Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**") regulates share dealing and associated activities in the Kingdom of Saudi Arabia;

(b) Pursuant to Capital Market Authority Board of Commissioners resolution number 2-28-2008 as published by the Capital Market Authority in its Circular for Authorized Persons to Enter into Swap Agreements dated 20/8/1429H corresponding to 21/8/2008G, as amended by Board of Commissioners resolution number 3-10-2010 dated 30/3/1431H corresponding to 16-3-2010G (the "**CMA Resolution**"), "Authorised Persons" (being Saudi Arabian persons authorised by the Capital Market Authority to carry out securities business activities) may enter into derivative transactions with non-resident foreign investors whether institutions or individuals, to transfer the economic benefits of Saudi companies' shares listed on the Saudi Stock Exchange (Tadawul), while the shares are registered in the name of the relevant Authorised Persons, all on the terms and conditions set forth in the CMA Resolution (as described below). A copy of the CMA Resolution may be obtained on request from the Issuer;

(c) The Issuer may (but shall be under no obligation under any Securities) to establish a Hedge Position in respect of its obligations under any Securities including the appointment of the Authorised Person as a hedge counterparty which may register the relevant Saudi Shares linked to such Securities in its name. The Undersigned acknowledges that it has no economic or other interest (including any voting right) in any such Hedge Position or in any Saudi Shares registered in the name of an Authorised Person as Hedge Counterparty;

(d) Pursuant to the CMA Resolution, the Authorised Person must submit to the Corporate Finance Department of the Capital Market Authority on the Trade Date in respect of any Securities and on a monthly basis certain details of all swap transactions relating to the Saudi Shares, which may include certain details relating to such Securities such as the ultimate beneficiary name, country of origin, details of the underlying shares and quantity and any other information that may be required by the Capital Market Authority.

In connection with any Securities, the Undersigned authorises, represents, warrants, confirms and undertakes as follows (and such authorisations, representations, warranties, confirmations and undertakings are deemed to be repeated on each date on which the Undersigned purchases any Securities):

1. the Undersigned has all requisite power and authority to enter into, execute, deliver and perform its obligations under this letter and this letter has been duly authorised, validly executed and delivered by the Undersigned and constitutes its valid and legally binding agreement; such entrance into this letter and (where relevant) its acquisition of and payment for any Securities does not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other governmental agency applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

2. the Undersigned is a "non-resident foreign investor" for the purposes of the CMA Resolution;

3.

(a) where the Undersigned is an investment manager or other person purchasing on behalf of one or more Beneficial Owners:

   (i) it is purchasing such Securities on behalf of each Beneficial Owner who is the ultimate beneficial owner of such Securities;

   (ii) it will not, directly or indirectly, sell, transfer, assign or otherwise dispose of any interest in any Securities on behalf of any Beneficial Owner to or for the benefit or account of any other entity without the prior written approval of the Issuer and the Authorised Person in order to ensure compliance with the CMA Resolution; and

   (iii) it is duly authorised to enter into this letter on behalf of each Beneficial Owner, to give each confirmation, acknowledgement, authorisation, representation, warranty, and undertaking set out in this letter on behalf of each Beneficial Owner and to perform on behalf of each Beneficial Owner all the obligations of such Beneficial Owner under this letter;

(b) in all other cases:

   (i) it is the ultimate beneficial owner of such Securities and it is purchasing such Securities for its own account and it is not purchasing such Securities for, on behalf of, or for the benefit or account of any other person or entity, and it is purchasing such Securities as principal and not as agent of any person or entity, and it has not entered and will not enter into any back-to-back transactions in connection with such Securities whatsoever;

   (ii) it will not, directly or indirectly, sell, transfer, assign or otherwise dispose of any interest in any Security to or for the benefit or account of any other entity without the prior written approval of the Issuer and the Authorised Person in order to ensure compliance with the CMA Resolution;

4. the Undersigned will promptly, as and when requested by the Issuer, Nomura International plc or the Authorised Person, provide to the relevant party requesting such information confirmation of its name and the name of any Beneficial Owner (including any changes thereto), its country of origin and the country of origin of any Beneficial Owner, the number of Securities held by it or such Beneficial Owner, as the case may be, and any other information requested by the Capital Market Authority under the CMA Resolution in relation to the holders of such Securities, provided that the Issuer and the Authorised Person may agree from time to time that the Undersigned may submit such information directly to the Capital Market Authority];

5. the Undersigned authorises the Authorised Person, the Issuer and Nomura International plc to release to the Capital Market Authority any information obtained by it from the Undersigned pursuant to paragraph 4 above in order to satisfy the provisions set out in the CMA Resolution and/or as requested by the Capital Market Authority from time to time, including in order for the Authorised Person to make any notifications and/or reports to the Corporate Finance Department of the Capital Market Authority as required by the terms of the CMA Resolution;

6. the Undersigned is aware that the Capital Market Authority may from time to time impose qualitative or quantitative restrictions or any other requirements on any Hedge Position relating to any Securities, any Securities or on the ultimate beneficial investors of any Securities and, if any such restrictions or requirements are imposed, then the Issuer may give effect to such restrictions or requirements by amending the terms and conditions of any Securities without the Undersigned's or (if applicable) the Beneficial Owner's consent and/or by requiring early redemption of such Securities (all pursuant to Condition 8 (*Extraordinary Events*) of the Securities); and

7. the Undersigned has not relied on the Authorised Person or the Issuer in giving the authorisations, representations, warranties, confirmations and undertakings in this letter.

The Undersigned acknowledges and agrees that it shall be deemed to make each confirmation, authorisation, representation, warranty and undertaking set forth in paragraphs (1) to (7) above on each date on which it agrees to purchase any Securities and each subsequent date on which the settlement of any such purchase of Securities takes place, in each case without any further action taken by it.

In consideration for the Issuer issuing any Securities, the Undersigned shall indemnify and keep indemnified the Issuer and the Authorised Person and any affiliate of the Authorised Person (each an "**Indemnified Party**") from any loss, liability, cost, claim, expense, proceeding or demand (including, without limitation, legal fees, disbursements and any taxes on such amounts) which any Indemnified Party reasonably suffers or incurs directly as a result of the Undersigned's breach of any of the terms of this letter.

The terms of this letter (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this letter or its formation) are governed by, and shall be construed in accordance with English law. The Undersigned irrevocably submits to the jurisdiction of the English courts and waive any objections to proceedings in such courts on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

Yours faithfully,

By: ………………………………………………

Name:

Title:

For and on behalf of

[*Legal Name of the Undersigned*]

PRO FORMA FINAL TERMS

Set out below is the form of Final Terms which will be completed for each issue of Securities issued under the Prospectus.

Nomura Bank International plc

***Issue of [insert Aggregate Nominal Amount / Number of Securities] [insert Title of Securities]* (the "Securities")**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set out in the Prospectus dated [●] 2012 which must be read in conjunction with this document dated [*insert current date*]. Full information on the Issuer and the Securities is only available on the basis of the combination of the Prospectus and these Final Terms. These documents may be viewed at the registered office of the Issuer from where copies may also be obtained. This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**").

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering of paragraphs should remain unchanged even if "Not Applicable" is indicated for individual paragraphs. Words and expressions in italics denote guidance for completing these Final Terms and are not mandatory.*]

1	Issuer:	Nomura Bank International plc
	Principal Agent:	BNP Paribas Securities Services, Luxembourg Branch [and [*Specify any other principal agent*]]
	Calculation Agent:	[Nomura International plc / *Specify calculation agent*]
	Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch [and [*Specify any other paying agent*]]
2	Series Number:	[●]
	Name by which the Securities are to be known:	[*insert here the name by which the Securities are to be known*]. The Securities are Participation Securities.
	Tranche:	[*If fungible with an existing Series, details of that Series, including the date on which the Securities become fungible*]
3	Aggregate Nominal Amount or Total Number of Securities which are the subject of the Issue:	Series: [●] Tranche: [●] [If fungible with an existing series, details of that existing series, including the date on which the Securities become fungible]
4	Form:	[Bearer Global Security / Registered Form]
5	Record Date:	For the purpose Condition 5 (*Additional Amount*), the ex-dividend date (or if the Share Jurisdiction is the Kingdom of Saudi Arabia, the Scheduled Trading Day prior to the ex-dividend date) in relation to the Additional Amount as determined by the Calculation Agent, unless the Calculation Agent notifies the Issuer and the Paying Agent of a different date for such purpose (in which case the

		Paying Agent shall as soon as reasonably practicable notify the Holders thereof) and for all other purposes [●] Clearing System Business Day(s) prior to the Settlement Date or such other date as determined by the rules and regulations of such Clearing System(s) so utilised
6	Issue Price:	[[●] per cent of the Aggregate Nominal Amount or [[*Specify currency*] [*Specify amount*] per Security] or
7	Nominal Amount (in the case of Securities traded by reference to a nominal amount) or Reference Amount (in the case of Securities traded in units):	[●]
8	Issue Date:	[●]
9	Trade Date:	[●]
10	Business Centre(s):	[●]
11	Method of Distribution:	[Syndicated / Non-Syndicated]

PROVISIONS RELATING TO SETTLEMENT

12	Calculation Amount:	[[*Specify currency*] [*Specify amount*] per Security] [Nominal Amount/Reference Amount]
13	Settlement Amount:	[As specified in Condition 6 (*Settlement*)][*other*]
14	Number of Shares Per Security:	[●]
15	Initial Share Price:	[The volume weighted average price per Share on the Initial Fixing Date] [●]
16	Initial Fixing Date:	[*Specify date* / the Trade Date]
17	Final Share Price:	[As specified in Condition 6 (*Settlement*] [*other*] [*if other, give details*]
18	Settlement Currency:	[*Specify currency*]
19	Valuation Date:	[*Specify date*]
20	Settlement Date:	[The date falling [*specify number of days*] Business Days following the final Valuation Date][*Specify date*].

PROVISIONS RELATING TO ADDITIONAL AMOUNTS

21	Additional Amount:	[Applicable] [Not applicable]
22	Dividend Period:	[As specified in Condition 15 (*Definitions and Interpretation*)][*other*]

23	Extraordinary Dividend:	[As specified in Condition 5 (*Additional Amount*)][*other*]

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

24	Financial Centre(s) or other special provisions relating to Payment Day(s):	[Not Applicable / provide details] (*NB this item relates to the date and place of payment, not the computation of interest, as to which refer above*)
25	Other Terms of Issue:	[Not Applicable / Applicable [*provide details*]]

DISTRIBUTION

26	If syndicated,		
	(i)	names and addresses of Managers:	[Not Applicable / *provide names and addresses and provide details of any underwriting commitments*]
	(ii)	Date of Syndication Agreement:	[[●] / Not Applicable]
	(iii)	Stabilising Manager (if any):	[Not Applicable / *provide name*]
	If non-syndicated, name and address of Manager:		[Not Applicable / provide name and address]
27	Distributor(s):		[*Provide name and address of each Distributor*] [Not Applicable]
28	Offer Period:		[[●] to [●]] [Not Applicable]
29	Offer Price:		[Issue Price / *specify*]
30	(i)	Maximum Nominal Amount of the Offer:	[[●] / Not Applicable]
	(ii)	Minimum Nominal Amount of the Offer	[[●] / Not Applicable]
	(iii)	Number of Securities Subject to the Offer:	[[●] / Not Applicable]
31	Maximum Amount of Application:		[[●] / Not Applicable]
32	Minimum Amount of Application:		[[●] / Not Applicable]
33	Date for delivery of Securities to purchasers' respective book-entry securities accounts:		[On or around [*specify date*]] [Not Applicable]
34	Commission charged by Distributor:		[Not Applicable/ No commission/ Not greater than [●] per cent of the Offer Price/ *specify amount*]
35	Right to cancel:		
	(i)	Minimum Participation:	[[●] / Not Applicable]

	(ii) Minimum Number:	[[●] / Not Applicable]
36	Territories into which the Securities are proposed to be offered:	[Not Applicable/ provide details] (*NB this item relates to offers of Securities to the public in the European Economic Area in circumstances where a Prospectus is required*)
37	Manner and date in which results of the offer are to be made public:	[Not Applicable / *provide details*]
38	Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:	[Not Applicable / *provide details*]
39	Additional Selling Restrictions:	[Not Applicable / provide details]

LISTING AND ADMISSION TO TRADING

40	Listing:	[London / other (*specify*) / None]
41	Admission to trading:	[Not Applicable] [Application has been made for the Securities to be admitted to trading on [●] with effect from [●].] (*NB Where documenting a fungible issue need to indicate that original securities are already admitted to trading*)
42	Ratings	[Not Applicable/*provide details*] (*NB If the Notes are to be rated please include the following language)* [S & P: [ ]] [Moody's: [ ]] [[Other]: [ ]] A rating is not a recommendation by any rating organization to buy, sell or hold Notes and may be subject to revision or withdrawal at any time by the assigning rating organization. [[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 as amended by Regulation (EC) No. 513/2011.] [[*Insert credit rating agency*] is not established in the European Union and is not registered under Regulation (EC) No. 1060/2009 as amended by Regulation (EC) No. 513/2011.] [[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No.1060/2009

as amended by Regulation (EC) No. 513/2011. The ratings [[have been]/[are expected to be]] endorsed by [insert the name of the relevant EU-registered credit rating agency] in accordance with Regulation (EC) No.1060/2009 as amended by Regulation (EC) No. 513/2011.

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 as amended by Regulation (EC) No. 513/2011, but [is/has applied to be] certified in accordance with such Regulation.]

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No.1060/2009 as amended by Regulation (EC) No. 513/2011 (the "**CRA Regulation**") unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

OPERATIONAL INFORMATION

43	Clearing System(s) and applicable codes:	[*Specify Clearing System(s)*] ISIN Code: [●] Common Code: [●] (*include other codes and Clearing Systems as appropriate and any other method by which transfers of the Securities may be effected*)
44	Delivery:	Delivery [against/free of] payment
45	Names and addresses of additional agent(s), if any:	[Not Applicable / *Specify additional Agent(s)*]

MISCELLANEOUS

[ ]

SHARES

Share	Share Issuer	Share Currency	Bloomberg/ Reuters Code(s)	ISIN	Website	Exchange	Related Exchange	Share Jurisdiction
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●] [*The stock exchanges on which options and futures in the Shares are traded.* ***Used for the definition of Scheduled Trading Day***.]	[●]

Information as to the historic and current performance and volatility of the Shares may be found on the Bloomberg page [and the website] listed in the table directly above [(provided such website does not form part of the Prospectus or these Final Terms)].]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the countries specified in paragraph 44] [and] admission to trading on [specify exchange]] of the Securities described herein.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in these Final Terms is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omission likely to affect its import. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: ....
Duly authorised

NOTIFICATION

[The [*name of competent authority in home Member State*] has been requested to provide/has provided [– *include first alternative for an issue which is contemporaneous with the establishment or update of the Prospectus and the second alternative for subsequent issues*] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Manager(s)], so far as the Issuer is aware, no person involved in the issue of the Securities has an interest material to the offer. *Amend as appropriate if there are other interests*]

[TERMS AND CONDITIONS OF THE OFFER[1]

Offer Price:	[Issue Price][*specify*]
Conditions to which the offer is subject:	[Not Applicable/*give details*]
Description of the application process:	[Not Applicable/*give details*]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/*give detail*]
Details of the minimum and/or maximum amount of application:	[Not Applicable/*give details*]

[1] Only applicable to public offers.

Details of the method and time limits for paying up and delivering the Securities:	[Not Applicable/*give details*]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/*give details*]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/*give details*]
Categories of potential investors to which the Securities are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/*give details*]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/*give details*]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/*give details*]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None/*give details*]]

GENERAL INFORMATION

1. The Issuer will not be providing any post issuance information in relation to the Securities.

2. Each issue of the Securities will be authorised pursuant to a resolution of the Board of Directors of the Issuer.

3. Copies of this Prospectus and the Agency Agreement will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Principal Agent. In addition copies of the following will be available free of charge at the principal office of the Principal Agent in Luxembourg and at the registered office of the Issuer at 1 Angel Lane, London, EC4R 3AB, United Kingdom, during usual business hours on any weekday (except Saturdays and public holidays):

   (i) The Agency Agreement;

   (ii) The Memorandum and Articles of Association of the Issuer;

   (iii) The audited accounts of the Issuer for the last two years;

   (iv) If offered to the public, the Final Terms of any Securities, for so long as the relevant Securities are outstanding;

   (v) A copy of this Prospectus together with any Supplement to this Prospectus; and

   (vi) A copy of any document incorporated by reference in this Prospectus.

4. Ernst & Young LLP (Chartered Accountants) have audited the accounts of the Issuer.

INDEX OF DEFINED TERMS

SCHEDULE

HISTORICAL FINANCIAL INFORMATION

NOMURA BANK INTERNATIONAL PLC

FULL YEAR REPORT

31 March 2011

COMPANY REGISTERED NUMBER 1981122

NOMURA

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

Note		Year ended 31 March 2011 $'000
	INCOME	
2	Interest receivable and similar income	356,184
2	Interest payable and similar charges	(79,656)
	NET INTEREST INCOME	276,528
	Fee and commission income	27,579
	Fee and commission expense	(20,267)
3	Dealing loss	(155,685)
	TOTAL OPERATING INCOME	128,155
4	Administrative expenses	(13,265)
	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	114,890
5	Tax charge on profit on ordinary activities	(22,076)
	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	**92,814**
	Foreign currency translation differences	38
	Total comprehensive income for the year	92,852

All gains and losses noted above are derived from continuing activities.

Included within the dealing loss for the year is a profit of $106,824,907 in relation to changes in own credit risk. These gains and losses arise on financial instruments designated at fair value through profit and loss.

The notes on pages 7 to 44 form part of these financial statements.

NOMURA

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	Called-up share capital	Retained earnings	Other Reserve	Total shareholder's equity
	$'000	$'000	$'000	$'000
As at 1 April 2010	555,000	129,347	-	684,347
Profit on ordinary activities after taxation		92,814	-	92,814
Foreign currency gains	-	-	38	38
Total comprehensive income for the year		92,814	38	92,852
As at 31 March 2011	555,000	222,161	38	777,199

Foreign currency gains are mostly due to the Bank's branch in Italy.

The notes on pages 7 to 44 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011

	Note	March 2011 $'000
Assets		
Non-current assets		
Financial assets designated at fair value through profit and loss	7	
- Bonds and medium-term notes		300,000
- Secured lending		2,139,107
- Other financial instruments		31,415
Derivative financial instruments	8	3,063
Available-for-sale financial investments		152
Total non-current assets		2,473,737
Current assets		
Loans and advances to affiliates		1,295
Loans and advances to banks		7,571
Securities purchased under agreements to resell		17,653,404
Financial assets designated at fair value through profit and loss	7	
- Secured lending		1,645,744
- Other financial instruments		719,611
Derivative financial instruments	8	1,757,093
Prepayments and accrued income		26,990
Other assets		18,988
Total current assets		21,830,696
Total assets		24,304,433

The notes on pages 7 to 44 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011 (CONTINUED)

	Note	March 2011 $'000
Liabilities		
Non-current liabilities		
Borrowing from affiliates		38,665
Borrowing from others		10,798
Financial liabilities designated at fair value through profit and loss	9	
- Bonds and medium-term notes		10,376,504
- Other financial instruments		20,876
Derivative financial instruments	8	1,836
Deferred tax liabilities	11	730
Total non-current liabilities		10,449,409
Current liabilities		
Customer accounts		50,312
Borrowing from affiliates		6,454,783
Borrowing from others		95,517
Securities sold under agreements to repurchase		709,275
Financial liabilities designated at fair value through profit and loss	9	
- Bonds and medium-term notes		1,950,794
- Other financial instruments		708,957
Derivative financial instruments	8	2,944,912
Accruals and deferred income		130,123
Other liabilities	10	33,152
Total current liabilities		13,077,825
Total liabilities		23,527,234
Shareholders' funds		
Called up share capital	12	555,000
Retained earnings		222,161
Other reserve		38
Total equity		777,199
Total liabilities and equity		24,304,433

The notes on pages 7 to 44 form part of these financial statements

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	2011
	$'000
Operating activities	
Profit before tax	114,890
Non-cash adjustments to reconcile profit for the period to net cash flows	
Foreign Exchange Revaluation	38
Change in operating assets and liabilities	
Net change in loans and advances to affiliates	7,382,238
Net change in loans and advances to others	14,636
Net change in borrowing from banks and other customers	(61,735)
Net change in borrowings from affiliates	(1,218,730)
Net change in financial assets designated at fair value through profit and loss	(2,763,725)
Net change in financial liabilities designated at fair value through profit and loss	35,620
Net change in available-for-sale assets	(8)
Net change in derivative assets	590,685
Net change in derivative liabilities	344,496
Net change in securities purchased under agreements to resell	(5,520,915)
Net change in securities sold under agreements to repurchase	(642,575)
Net change in other assets	6,390
Net change in other liabilities	(1,128,976)
Net change in prepayments and accrued income	(455)
Net change in accruals and deferred income	66,822
Income tax paid	(9)
Net cash flow used in operating activities	**(2,781,313)**
Financing activities	
Proceeds of borrowings and issuance of debt	7,508,629
Repayments of borrowings and redemption of debt	(4,699,590)
Net cash flow from financing activities	**2,809,039**
Net increase in cash and cash equivalents	27,726
Cash and cash equivalents at 1 April 2010	(20,155)
Cash and cash equivalents at 31 March 2011	**7,571**
Included within operational cash flows	
Interest paid	35,175
Interest received	317,601

The notes on pages 7 to 44 form part of these financial statements.

NOMURA BANK INTERNATIONAL PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011 (CONTINUED)

ANALYSIS OF THE BALANCES OF CASH AS SHOWN IN THE BALANCE SHEET:

31 March 2011

	31 March 2011 $'000	Cash Flow $'000	31 March 2010 $'000
Loans and advances to other banks repayable on demand	7,571	(14,266)	21,837
Borrowing from other banks repayable on demand	-	41,992	(41,992)
Net cash balance / (overdraft)	7,571	27,726	(20,155)

The notes on pages 7 to 44 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The basis of preparation and accounting policies used in preparing the financial information for the year ended 31 March 2011 are set out below.

The financial information has been prepared in accordance with the requirements of Commission Regulation (EC) 809/2004 and in accordance with this basis of preparation. The basis of preparation describes how the financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) except as described below.

In preparing the financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars have been applied. The application of these conventions results in the following material departure from IFRSs as adopted by the EU:

– Presentation of financial information without comparative information

Nomura Bank International plc is not required, by the Prospectus Rules of the Financial Services Authority to prepare, for inclusion in its base prospectus for its Note, Warrant and Certificate Programme dated 29 June 2012 (the "Base Prospectus"), its base prospectus for participation securities (the “Participation Securities Prospectus”) and its registration document dated 29 June 2012 (the "Registration Document"), financial information prepared in accordance with accounting standards as adopted for use in the EU for any financial period commencing before 1 April 2010. Accordingly, the Directors have elected not to prepare comparative amounts to accompany the underlying financial statements from which the 2011 financial information has been compiled. As a result, the 2011 financial information does not include comparative financial information and is therefore not a complete set of financial statements in accordance with accounting standards as adopted for use in the EU.

The underlying financial information has been prepared in accordance with the ESMA update of the CESR recommendations for the consistent implementation of the Commission’s Regulation (EC) 809/2004 (ESMA/2011/81) as to the presentation of one-year information in prospectuses for entities transitioning to accounting standards as adopted for use in the EU.

In all other respects IFRSs as adopted by the EU have been applied.

Following admission to trading on a regulated market, Nomura Bank International plc will be required to prepare statutory financial statements which comply with accounting standards as adopted for use in the EU in respect of its financial year commencing 1 April 2011 (the “2012 financial statements”), and subsequently. As a company seeking admission to trading, Nomura Bank International plc is required to present certain historical financial information in the Base Prospectus, the Participation Securities Prospectus and the Registration Document on a basis consistent with the accounting policies to be adopted in the financial statements for its next financial year.

The Directors of Nomura Bank International plc (the “Directors”) have prepared financial information for the year ended 31 March 2011 on the same basis as comparative information prepared for inclusion in the first financial statements of the Company prepared in accordance with accounting standards as adopted for use in the EU.

When the 2012 financial statements are prepared, they will be the first financial statements prepared by Nomura Bank International plc in accordance with accounting standards as adopted for use in the EU and as such will take account of the requirements and options in IFRS 1 (First-time Adoption of International Financial Reporting Standards) as they relate to the 2011 comparatives included therein.

1. ACCOUNTING POLICIES (CONTINUED)

(a) <u>Basis of Preparation (continued)</u>

Note 18 below describes how, in preparing the underlying financial statements, the Directors have applied accounting standards as adopted for use in the EU under the first-time adoption provisions set out in IFRS 1 and the assumptions they have made about the standards and interpretations expected to be effective and the policies they expect to adopt in the 2012 financial statements.

However, certain of the requirements and options in IFRS1 relating to comparative financial information presented on first time adoption may result in a different application of accounting policies in the 2011 financial information to that which would apply if the 2011 financial statements were the first financial statements of the Company prepared in accordance with accounting standards as adopted for use in the EU and, if there are subsequent changes to the Standards or Interpretations applicable to the 2012 financial statements, the 2011 financial information may require adjustment before constituting the comparative financial information to be included in those 2012 financial statements. Furthermore, the directors of the Company may, in drawing up the 2012 financial statements, make different choices from those which they have assumed in preparing the underlying financial statements with respect to the options in IFRS 1.

The financial statements have been prepared on a historical cost basis, except for financial instruments held at fair value through profit and loss, derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

Given the nature of the Bank's operations, the financial risk management practices (refer to note 13) and that the Bank hedges its market and credit risk, there are no material uncertainties related to events or conditions that cast doubt about the ability of the Bank to continue as a going concern. They have therefore prepared the financial statements on a going concern basis.

The financial statements are presented in United States dollar ("USD"), and all values are rounded to the nearest thousand USD except where otherwise stated.

(b) <u>Significant accounting judgments, estimates and assumptions</u>

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

- Where there is no active market for a financial instrument, fair value is determined using valuation techniques which could require judgement.
- Realization of deferred tax assets; and
- Other matters that affect the reported amounts of assets and liabilities.

1. ACCOUNTING POLICIES (CONTINUED)

(c) Foreign Currencies

The financial statements are presented in USD, which is the functional currency of the Bank.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are retranslated at rates of exchange ruling on the reporting date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the statement of comprehensive income. The rate of exchange between the USD and Sterling at the reporting date was 1.6046.

(d) Operating Income

(i) Interest receivable

Interest income is recognised in the statement of comprehensive income for all interest-bearing financial assets classified as available-for-sale and other loans and advances using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or a group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

(ii) Interest payable

Interest expense is recognised in the statement of comprehensive income for all interest-bearing financial liabilities using the effective interest method, except for liabilities held at fair value through profit and loss.

(iii) Dealing profits and losses

Income arising from gains and losses on financial instruments designated as fair value through profit and loss is included in dealing losses. Interest on these positions is included, as it is integral to the dealing profit and distinct from interest on banking activities.

Dealing profits arise on a strategy basis across a range of instruments, and are managed accordingly. It is presented on a net basis, even though the corresponding financial assets and liabilities may not have been offset in the statement of financial position in accordance with the presentation requirements of International Accounting Standard 39 “Financial instruments: Recognition and Measurement” (“IAS 39”).

(iv) Fee income and expense

Fee income relating to loans and advances that are not measured at fair value through profit and loss is recognised in the statement of comprehensive income to match the cost of providing a continuing service, except where the fee amounts in substance to an additional interest charge, when it is recognised on an effective interest rate basis over the life of the advance as part of Interest Income. Fees arising from the facilitation and servicing of note issuances are recognised in the statement of comprehensive income as the service is provided.

1. ACCOUNTING POLICIES (CONTINUED)

(e) Financial Assets and Liabilities

The Bank classifies its financial instruments in the following categories: financial instruments at fair value through profit and loss, loans and receivables, available-for-sale financial assets and other financial liabilities. Management determines the classification of financial assets and liabilities on initial recognition depending upon the purpose for which the financial instruments were acquired and their characteristics. Where permitted, and appropriate, management re-evaluates this designation at each financial year end. The recognition and derecognition policies of financial assets and liabilities are set out below.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Bank provides loans and advances directly with no intention of trading the receivable. Loans are initially recognised on settlement date at fair value including any direct and incremental transaction costs, and are derecognised on repayment or when all significant benefits and risks have been transferred to a third party.

Such assets are carried at amortised cost, using the effective interest method if the time value of money is significant. Gains and losses are recognised in the statement of comprehensive income, when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are recorded within the following statement of financial position classifications: Loans and advances to banks, Loans and advances to affiliates and Other loans and advances and Other assets.

(ii) Financial instruments designated at fair value through profit and loss

Management designates certain non-derivative financial instruments and certain non-trading liabilities as fair value through profit and loss where doing so results in more relevant information. Instruments so designated are hybrid products whose risks are hedged using a mixture of derivative or non-derivative products.

These instruments are recognised initially at fair value and transaction costs are taken directly to the statement of comprehensive income. Gains and losses arising from changes in fair value are included in the statement of comprehensive income.

Financial assets are recognised and derecognised on settlement date for regular way transactions.

1. ACCOUNTING POLICIES (CONTINUED)

(iii) **Available-for-sale investments**

Available–for-sale investments are non-derivative financial assets that are designated as available-for-sale and are not in any of the other categories described above. They are recognised and derecognised using settlement date accounting, being the date on which the Bank commits to purchase or sell the asset. Amounts are initially recognised at fair value including any direct and incremental transaction costs and subsequently held at fair value.

Where applicable interest determined using the effective interest method and impairment losses are recognised in the statement of comprehensive income. Gains and losses arising from changes in fair value are taken to the other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss is transferred to the statement of comprehensive income.

Any reversal of impairment losses on non-equity available-for-sale investments is taken to the statement of comprehensive income.

(iv) **Other liabilities**

Financial liabilities are initially recognised on settlement date at fair value including any direct and incremental transaction costs, and are derecognised on repayment.

Such liabilities are measured at amortised cost using the effective interest method.

(f) Sale and repurchase agreements

The Bank enters into securities sold under agreements to repurchase ("repo") to sell certain debt securities to counterparties and then repurchase them at a later date. These debt securities are retained on the statement of financial position, and the purchase price received by the Bank shown as a liability to the purchaser.

The Bank also enters into securities purchased under agreements to resell ("reverse repurchase transaction") with counterparties for them to sell to the Nomura Group, which includes Nomura Holdings, Inc. ("NHI") - the Bank's ultimate parent and its consolidated subsidiaries, certain debt securities, and then repurchase them at a later date. These debt securities are excluded from the Bank's inventory and the purchase price paid for the securities is shown as an amount receivable from the vendor.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest rate method.

(g) Derivatives

All derivatives are recognised initially at fair value and subsequently carried in the statement of financial position at fair value. Derivatives are recorded as assets when their fair value on the reporting date is positive and as liabilities when their fair value is negative.

The Bank uses derivatives to economically hedge interest rate, equity, credit and exchange rate exposures related to non-trading positions. All derivatives held for trading are currently used for hedging purposes. The Bank currently has no derivatives for which hedge accounting is applied. Any realised and unrealised gains and losses are recognised in the statement of comprehensive income.

1. ACCOUNTING POLICIES (CONTINUED)

(g) Derivatives (continued)

Some hybrid contracts contain both a derivative and a non-derivative component. Where the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract, we designate the entire contract at fair value through profit and loss as outlined in 1(e) ii.

(h) Fair Values

The Bank holds a significant portion of financial instruments at fair value, as described below. A description of the Bank's policies with regards to its application of fair value measurements to significant financial instruments is as follows:

(i) Valuation of fair value instruments

The fair value of financial instruments is the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The best evidence of fair value is quoted prices in an active market. Therefore, the fair value of financial instruments, including exchange-trading securities and derivatives is based on quoted market prices on exchanges or other broker/dealer quotations.

Where quoted market prices or broker/dealer quotations are not available, prices for similar instruments or valuation pricing models are considered in the determination of fair value. Valuation pricing models consider contractual terms, position size, underlying asset prices, interest rates, dividend rates, time value, volatility and other statistical measurements for the relevant instruments or for instruments with similar characteristics. These models also incorporate adjustments relating to counterparty and the Bank's own credit risk, the administrative costs of servicing future cash flow and market liquidity adjustments. These adjustments are fundamental components of the fair value calculation process. The valuation technique used maximises the use of market inputs and minimises the use of entity-specific inputs which are unobservable in the market.

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

(ii) Fair value option

Certain financial instruments may be designated at fair value by management when one of the following criteria is met:

1) The financial instrument contains an embedded derivative that significantly modifies the cash flows resulting from the financial instrument; or
2) Fair value will eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise result from measuring related financial instruments on different bases; or

1. ACCOUNTING POLICIES (CONTINUED)

(h) **Fair Values (continued)**

(ii) Fair value option (continued)

3) The financial instrument is part of a group of financial instruments both managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Information about these financial instruments is provided internally on a fair value basis to the Bank's key management personnel.

The fair value option election is undertaken on a product-by-product basis. This only applies to those instruments that meet one or more of the above criteria, where fair value would provide a fairer representation of the risks associated with those instruments. Once made, the fair value option election is irrevocable.

(i) **Derecognition**

Transfers of financial assets and liabilities are assessed to determine if assets can be derecognised. The Bank derecognises financial assets when significantly all the risks and rewards of the asset are transferred. If significantly all the risks and rewards of the asset are retained, the Bank retains the financial assets on its statement of financial position with an associated liability for consideration received. If the Bank neither transfers nor retains significantly all the risks and rewards of the transferred asset, but retains control over the asset, it recognises the transferred asset and an associated liability measured on a basis that reflects the rights and obligations retained by the Bank.

(j) **Impairment**

The Bank assesses at the reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the reporting date and that loss event has had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the asset's original effective interest rate. The amount of the loss is included in the statement of comprehensive income. If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in the statement of comprehensive income.

1. ACCOUNTING POLICIES (CONTINUED)

(j) **Impairment (continued)**

For debt securities classified as available-for-sale the amount of impairment loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss in that investment previously recognised in the statement of comprehensive income.

The calculation of the present value of the expected future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure cost for obtaining and selling the collateral whether or not foreclosure is possible.

(k) **Collateral and offsetting**

The Bank enters into agreements with counterparties whenever possible and, when appropriate, obtains collateral.

The Bank holds collateral in respect of credit-related instruments where this is considered desirable, given the customer's financial position and the overall banking relationship. The collateral can take the form of a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities. In addition, the Bank receives cash or securities collateral from Nomura group companies in respect of derivative exposure.

Amounts due/owed from counterparties are only netted if there is a legal right to offset and the entity intends to settle on a net basis, or to realise an asset and settle the liability simultaneously. At present, no transactions meet these criteria and no amounts due to/owed from other counterparties have been netted.

(l) **Taxation**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted on or before the reporting date.

Deferred tax assets and liabilities are recognised for temporary difference between the carrying amounts in the statement of financial position and the tax base. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to be reversed based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

(m) **Financial guarantees**

The Bank issues financial guarantee contracts which require the Bank to reimburse holders of such guarantees for any losses suffered due to a failure by specified debtors to make payments when due as specified by the terms of an underlying debt instrument. Such financial guarantees are initially recognized at fair value. The amount initially recognized includes an adjustment for transaction costs which are directly attributable to the issuance of the guarantee. On a subsequent measurement basis, value of the financial guarantee is adjusted to reflect the higher of the best estimate of the amount required to settle the probable obligation at the reporting date. Any amount recognized is net of cumulative amortization previously recognized.

(n) **Retirement Benefits**

The Bank is a member of a defined benefit scheme comprising certain UK Nomura companies administered by Nomura International plc ("NIP"). It is a multi-employer scheme that is run on a basis that does not allow the individual companies participating within the scheme to identify their shares of the underlying assets and liabilities. As a result, the Bank is not required to apply defined benefit accounting and therefore has applied defined contribution accounting to the scheme in accordance with IAS 19 "Employee Benefits".

(o) **Provisions for liabilities and charges and contingent liabilities**

A provision can be recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

A contingent liability is a possible obligation whose existence will only be confirmed in the future or it is a present obligation (legal or constructive) and either it is not probable that a transfer of economic benefits will be required to settle the obligation or a reliable estimate cannot be made of the amount of the obligation. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities may develop in a way not initially expected. Therefore, they are assessed continually to determine if a provision should be recognised.

(p) **Cash flow statement**

The Bank uses the indirect method to produce a cash flow statement in accordance with IAS 7 "Statement of Cashflows".

(q) **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the statement of financial position.

1. ACCOUNTING POLICIES (CONTINUED)

(r) **Segment reporting**

For management purposes, the Bank has only one operating and reportable segment involving financing activities. Substantially all of the Bank's gross and net assets and profit before taxation reported in these financial statements has arisen from this segment.

(s) **Standards issued but not yet effective**

IFRS 9 "Financial Instruments"
IFRS 9, as issued, reflects the first phase of the International Accounting Standards Board's ("IASB") work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. In subsequent phases, the IASB will address impairment and hedge accounting. The adoption of the first phase of IFRS 9 may have an effect on the classification and measurement of the Bank's financial assets. Additionally, financial liabilities that are designated at fair value through profit and loss will have their changes in own credit risk recognised directly into other comprehensive income.

The standard is effective for annual periods beginning on or after 1 January 2015. The Bank will adopt the new requirements from April 1, 2015. The Bank is currently assessing the impact of adopting IFRS 9. However, as the impact of adoption depends on the assets held by the Bank at the date of adoption, it is not practical to quantify the effect.

IFRS 10 "Consolidated Financial Statements"
The standard replaces the requirements of IAS 27 "Consolidated and Separate Financial Statements" that address the accounting for consolidated financial statements and Standing Interpretations Committee (''SIC'') 12 "Consolidation – Special Purpose Entities". The Bank is currently assessing the impact of adopting IFRS 10.

The standard is effective for annual periods beginning on or after 1 January 2013. The Bank will adopt the new requirements from April 1, 2013. However, as the impact of adoption depends on the nature of relationships between the Bank and other entities at the date of adoption, it is not practical to quantify the effects.

IFRS 11 "Joint Arrangements"
The standard replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers". Because IFRS 11 uses the principle of control in IFRS 10 to define control, the determination of whether joint control exists may change.

The standard becomes effective for annual periods beginning on or after 1 January 2013. The Bank will adopt the new requirements from 1 April 2013. The impact of adopting IFRS 11 is not expected to be material.

IFRS 12 "Disclosure of Involvement with Other Entities"
The new standard includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 "Interests in Joint Ventures" and IAS 28 "Investment in Associates". These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. One of the most significant changes introduced by IFRS 12 is that an entity is now required to disclose the judgements made to determine whether it controls another entity. Many of these changes were introduced by the IASB in response to the financial crisis. On adoption of this standard, even if the Bank concludes that it does not control an entity, the information used to make that judgement will be transparent to users of the financial statements to make their own assessment of the financial impact were the

1. ACCOUNTING POLICIES (CONTINUED

(s) **Standards issued but not yet effective (continued)**

Bank to reach a different conclusion regarding consolidation – by providing more information about unconsolidated entities. The standard becomes effective for annual periods beginning on or after 1 January 2013. The Bank will adopt the new requirements from 1 April 2013. The Bank is currently assessing the impact of adopting IFRS 12. However, as the impact of adoption depends on the nature of relationships between the Bank and other entities at the date of adoption, it is not practical to quantify the effect.

IFRS 13 "Fair Value measurement"
IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. Many of the concepts in IFRS 13 are consistent with current practice. The disclosure requirements are substantial.

The standard becomes effective for annual periods beginning on or after 1 January 2013. The Bank will adopt the new requirements from 1 April 2013. In the past the Bank has used various methodologies to measure fair value based on the guidance within the requisite standard and/or industry practice for the type of financial or non-financial item. This standard will require the Bank to review its fair value measurement policies across all asset and liability classes. The impact of adopting IFRS 13 is not expected to be material.

IAS 1 "Financial Statement Presentation" – Presentation of Items of Other Comprehensive Income
The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income ("OCI"). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Bank's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012. The Bank will adopt the new requirements from 1 April 2013.

IAS 27 "Separate Financial Statements (as revised in 2011)"
As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Bank does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The Bank will adopt the new requirements from 1 April 2013.

IAS 28 "Investments in Associates and Joint Ventures (as revised in 2011)"
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The Bank will adopt the new requirements from 1 April 2013 and the impact is expected to be immaterial.

Amendments to IFRS 7 "Financial instruments: Disclosures"
In October 2010, the IASB issued revised IFRS 7 "Financial Instruments: Disclosures" to provide additional disclosures around transfers of financial assets, including those transfers in which the Bank retains a continuing interest in the transferred assets at the reporting date. The amendments are intended to allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

(s) **Standards issued but not yet effective (continued)**

The effective date for mandatory adoption is for annual periods beginning on or after July 2011, with early adoption permitted. The Bank will adopt the amendments from 1 April 2012.

IAS 32 and IFRS 7 “Amendments Offsetting Financial Assets and Financial Liabilities”
Clarification of when netting is permitted has been provided and disclosures on offsetting have been considerably expanded. The amendments on offsetting are effective from 1 January 2014 and those on disclosures from 1 January 2013 so that the Bank will adopt these amendments from 1 April 2014 and 1 April 2013 respectively. The Bank is currently assessing the impact of these amendments.

2. INTEREST INCOME AND EXPENSE

	Year ended 31 March 2011 $'000
Interest Income	
Interest on deposits	48,069
Interest on reverse repurchase transactions	267,514
Other interest income	40,601
	356,184
Interest Expense	
Interest to banks and customers	35,562
Interest on funds borrowed	28,443
Interest on repo transactions	8,192
Other interest expense	7,459
	79,656

Of the total interest receivable on deposits of $48,068,967, amounts with respect to Nomura Group companies amounted to $46,708,053. Of the total interest payable on funds borrowed of $28,443,060, the amount payable to Nomura Group companies is $27,558,859.

3. DEALING LOSS

	Year ended 31 March 2011 $'000
Financial instruments held for trading	85,538
Financial instruments designated at fair value through profit and loss account	(241,223)
	(155,685)

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

3. DEALING LOSS (CONTINUED)

The impact of changes in own credit risk included in dealing loss on financial instruments designated at fair value through profit and loss was a profit of $106,824,907.

Substantially all of the Bank's gross and net assets and profit before taxation arose from one business segment involving financing activities. The majority of the notes are issued to European institutions. Certain receivables and derivatives are transacted with the Nomura Group. Consequently, a significant portion of the revenues are derived from within the Nomura Group.

4. ADMINISTRATIVE EXPENSES

	Year ended 31 March 2011 $'000
Wages, salaries and other social security costs	1,438
Audit fees	312
Other fees to auditors – other services	166
Support service charges	11,349
Depreciation and amortisation	-
	13,265

The Bank utilises the services of a number of executive and non-executive directors. The Bank employs its own staff for certain administrative activities (the number of direct employees at the end of the current financial year totalled nine). In addition, the Bank uses the resources of NIP under a Service Level Agreement, for which a charge is paid.

In addition to the audit fees shown above, an amount of $305,527 was borne by NHI.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) TAX CHARGE

	Year ended 31 March 2011 $'000
Current tax:	
UK Corporation tax charge at 28%	21,429
Adjustment in respect of previous periods	(96)
Foreign tax suffered	13
	21,346
Deferred taxation:	
Current year timing differences	787
Effect of changes in tax rates	(56)
Adjustment in respect of previous periods	(1)
Tax charge on profit on ordinary activities	**22,076**

(b) RECONCILIATION OF CORPORATION TAX CHARGE

	Year ended 31 March 2011 $'000
Net profit before tax	114,890
UK Corporation tax charge at 28%	(32,170)
Utilisation of previously unrecognised tax losses	9,950
Non-deductible expenses for tax purposes	
Foreign tax suffered	(13)
	4
Effect of double tax relied	97
Adjustments in respect of previous years	
Timing differences	56
Effect of change in tax rates	
Income tax expense reported in the statement of comprehensive income	**22,076**

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

6. RETIREMENT BENEFIT

The Bank participates in a group scheme which is operated for the former employees of the Bank and certain of its fellow subsidiaries. The scheme is a defined benefit scheme, funded by the payment of contributions to a separately administered trust fund. The contributions to the scheme are determined by a qualified actuary. A full actuarial valuation of the defined benefit pension scheme was undertaken at 31 March 2006 and updated to 31 March 2010 by William M Mercer Limited, qualified independent actuaries. During the current financial year Premier Pensions Management Ltd., a qualified independent actuary, was appointed by the Trustees of the scheme, in place of William M Mercer Limited.

At the 31 March 2011 the plan assets exceeded the value of the plan liabilities, i.e. there was a surplus. The amount that can be recovered through reduced contributions in the future is the present value of the liability expected to arise from future service by current and future scheme members less the present value of future employee contributions. As the plan closed to all future accrual with effect from 31 October 2005, there is no future benefit accrual and therefore the plan is subject to a net asset limit whereby in these circumstances it is not possible for any surplus to be recognised in NIP's balance sheet.

The costs of the scheme are borne by NIP, and full disclosure of the scheme is presented in NIP's financial statements.

7. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 March 2011 **$'000**
Bonds and medium-term notes	300,000
Secured lending	3,784,851
Other financial instruments	751,026
	4,835,877

8. DERIVATIVE FINANCIAL INSTRUMENTS

Positive fair values

	31 March 2011 $'000
Analysis by counterparty	
Group companies	1,753,249
Other	6,907
	1,760,156

Negative fair values

	31 March 2011 $'000
Analysis by counterparty	
Group companies	2,062,846
Other	883,902
	2,946,748

9. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

	31 March 2011 $'000
Bonds and medium- term notes, by remaining maturity:	
- Less than 1 year	1,950,794
- Less than 5 years but greater than 1 year	4,792,233
- Greater than 5 years	5,584,271
Other financial instruments	729,833
	13,057,131

As of 31 March 2011, the fair value of the aggregate unpaid principal balance (which is contractually principally protected) of long-term borrowings for which the fair value option was elected was $407,915,085 less than the principal balance of such long-term borrowings.

The impact of changes in own credit risk included in dealing losses on financial liabilities designated at fair value through profit and loss account was a profit of $106,824,907. The valuation adjustment resulting from own credit, included in the fair values of bonds and medium notes in the statement of financial position, is a debit of $180,682,434. The Bank calculates and applies an own credit adjustment based on movements in the credit spread of the Nomura Group.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

10. OTHER LIABILITIES

	31 March 2011 $'000
Group relief payable	21,429
Foreign tax payable	11
Other payables	11,712
	33,152

The Bank has not breached or defaulted on any of its loan obligations with either third parties or fellow Nomura Group companies.

11. DEFERRED TAXATION

	Deferred tax balance 31 March 2011 $'000	Income statement effect 31 March 2011 $'000
Capital allowances	293	(100)
General Provisions	10	(1)
Unutilised tax losses	-	(10,880)
IAS 39 adjustment	(1,033)	301
Deferred tax asset not recognised	-	9,950
	(730)	(730)

11. DEFERRED TAXATION (CONTINUED)

	31 March 2011
	$'000
Balance as at 1 April	-
Deferred tax charge	(787)
Effect of changes in tax rates	56
Adjustment in respect of prior years	1
Balance at 31 March	**(730)**

Deferred taxation has been recognised at 26% being the UK corporation tax rate from 1 April 2011.

On 23 March 2011 as part of the 2011 Budget, the UK government has announced its intention to legislate to reduce the main rate of corporation tax to 26% with effect from 1 April 2011 and further by 1% per annum falling to 23% with effect from 1 April 2014. The reduction to 26% was subsequently enacted prior to 31 March 2011 under the provisions of the Provisional Collection of Taxes Act 1968 and the effect of this reduction is therefore reflected in the above calculation of the deferred tax liability.

12 SHARE CAPITAL

31 March 2011	Authorised	Allotted and fully paid	
	Number	Number	Consideration
	'000	'000	$'000
US Dollar Ordinary shares of $1 each	555,000	555,000	555,000

13. FINANCIAL RISK MANAGEMENT

The Bank's activities involve both the assumption and transfer of certain risks which must be managed. The most important types of risk are market risk, credit risk (including counterparty credit risk), liquidity risk and cash flow interest rate risk. Market risk includes currency risk, price risk and fair value interest rate risk.

The Role of Financial Instruments

The Bank issues debt with returns linked to equity, credit instruments or other indices. The Bank actively manages the resultant risk on a fair value basis using a combination of derivative and non-derivative financial instruments with the express intention of eliminating significant market risk arising from such transactions.

The Bank also offers traditional banking products to facilitate customer business such as credit facilities, guarantees and letters of credit.

In addition to debt issuances noted above, the Bank obtains financing from capital, bank and intercompany borrowings.

Operational Risk

The Bank defines operational risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition is based on the standard Basel definition and 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 Nomura's reputation if caused by an operational risk. As defined by the "Regulations for System Risk Management", System Risk is considered to be a component of operational risk as defined above.

The Bank uses the Nomura Group's Operational Risk framework for the management of the Bank's operational risk and this is outlined in the Global Operational Risk Management Combined Policy, Minimum Standards and Procedures of the Nomura Group.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Operational Risk Management Framework consists of the following core products and services:

Operational Risk Event Capture – a process for the identification, reporting and management of operational risk events which could have an impact on the Nomura Group.

Risk and Control Self Assessment ("RCSA") – a periodic self assessment of risks and control effectiveness including any specific remediation.

Key Risk Indicators ("KRIs") – metrics used to monitor and manage the business exposure to risk.

Scenario analysis – a process to identify low frequency and high severity events.

These core components are used to identify the operational risk profile within the Bank and ensure this is in accordance with the risk appetite set by the Nomura Group Integrated Risk Management Committee on behalf of the Nomura Group Board.

Risk Management Structure

The Directors is ultimately responsible for identifying and controlling risks through its overall risk management approach and approval of risk strategies and principles. Responsibility for risk reporting and control is undertaken by the following independent departments set up within the Bank or under service level agreements with affiliate companies.

Committees/Departments

Capital Allocation

Regional Business line requests for capital are approved in the first instance by the European Executive Management Committee before submission to the Global Wholesale Committee in Tokyo for approval as part of the Global Budgeting and Capital Allocation process.

Treasury Department

The Treasury department monitors compliance with the Bank's liquidity, currency and cash flow policies.

Corporate Risk Management Department

The Corporate Risk Management department monitors and reports compliance with internally set market risk limits.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Internal Audit

The Nomura Group Internal Audit department has responsibility to examine, evaluate and make recommendations on the appropriateness and the effectiveness of the internal control of all business and operational activities.

The Global Head of Internal Audit has an independent reporting line to the Internal Controls Committee, the Chairman of the NHI Audit Committee and the Audit Mission Directors in Tokyo.

In Europe Middle East and Asia ("EMEA"), the Head of Internal Audit has an independent reporting line to the Chairmen of the Audit Committees of Nomura Europe Holdings plc ("NEHS"), the Bank's immediate parent and the Bank. The EMEA Head of Internal Audit also reports to the Global Head of Internal Audit and locally to the Chief Executive Officer of EMEA.

Internal Audit adopts a risk-based audit approach. A risk assessment is formally carried out annually using a globally agreed methodology and, where necessary, this is updated throughout the year as a result of continuous monitoring, on completion of audits and in response to internal or external events or incidents.

The outcome of the Internal Audit risk assessment is used as a basis for determining the annual Audit Plan. Any regulatory or other required or expected audits are added to the Plan as well as any Management Requests or Special Projects initiated by Internal Audit, such as pre-implementation reviews, new business reviews or one-off assignments in response to significant changes in the regulatory or business environment.

Audit execution is also risk-based. Key controls are identified and a variety of techniques are used to evaluate the adequacy of the design and the effectiveness of the controls, including inquiry and observation, sample testing and, in some cases, substantive testing.

Internal Audit reports its findings and the agreed action plans, target dates and responsible owners to the relevant Audit Committee(s), Senior Management and Line Management as appropriate.

The status of outstanding action plans is reviewed regularly and reported to Management periodically. Internal Audit also performs validation work for action plans which Management represents as having been completed.

The Bank's Committees

Audit Committee

The Directors of the Bank have established a committee, known as the Audit Committee, to ensure an effective internal control environment is maintained within the Bank and to ensure corporate objectives are achieved and are consistent with those of the NEHS Group and the ultimate group holding company, NHI.

Executive Management Committee

The Executive Management Committee under authority delegated by the Directors is responsible for overseeing the management of the Bank. In this capacity it receives reports on a regular basis from the Credit Risk Management Committee.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit & Risk Management Committee

The Credit & Risk Management Committee ("CRMC") is a sub-committee of the Executive Management Committee. CRMC considers matters relating to credit and market risk. The Bank's credit policy stipulates that any investment grade exposures which have not been hedged, collateralised or repackaged within 12 months of take-on must be fully hedged out to acceptable counterparties. Any non-investment grade risk may, subject to prior approval by the Bank's Credit & Risk Management Committee, be held for up to nine months after which time it will be hedged, repackaged or disposed.

Risk Measurement and Reporting Systems

Risk reporting and control is administered via the Management Information System (MIS) which provides daily financial indicators including profit and loss, Value-at-Risk (VaR), Economic Capital (Nomura Capital Allocation Target – NCAT), inventory, regulatory capital, unsecured funding and all related limits. Monitoring is applied at all levels in the business hierarchy, specifically business strategy, trading desk, division and company-wide.

a) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, equity prices and credit spreads.

Within the Nomura European Group, there is a formal process for the allocation and management of Economic Capital ("NCAT") which is facilitated through the capital allocation agenda discussed by the Capital Allocation Committee on a semi-annual basis.

The primary mechanism for measuring and reporting market risk is a framework consisting of Value-at-Risk ("VaR") and numerous business focused risk limits, such as option risk factors. VaR is only applied to those risk positions for which a meaningful estimate of risk is provided.

The Bank uses VaR as one of the tools used to measure, monitor and review the market risk exposures of its trading portfolios. The Risk Management Department calculates VaR numbers daily for all relevant businesses and these figures are included in daily reporting to senior management.

The Bank transfers its risks to other Nomura Group companies using derivative products, therefore its market risk is immaterial. No additional VaR disclosures have been made.

i) Equity Price Risk and Issuer Credit Risk

The primary sources of equity price risk and issuer credit risk for the Bank arise from the issuance of debt with returns linked to equity, credit instruments or other indices. The Bank mitigates such risks through the purchase of direct hedges or by transferring such risks to other Nomura Group companies using derivative products.

As described in note 1(e) (ii) management designates such debt instruments, together with related non-derivative hedges, as fair value through profit and loss. Related derivative hedges are accounted for as Held For Trading items.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below shows an analysis of the risks on a notional basis for non-trading items designated at fair value and those that are held for trading:

31 March 2011:	Equity Risk $'000	Credit Risk $'000	Total $'000
Financial instruments designated at fair value through profit and loss and held for trading:			
- Financial liabilities	(4,846,988)	(8,092,595)	(12,939,583)
Financial instruments designated at fair value through profit and loss:			
- Financial assets	3,784,851	-	3,784,851
Financial instruments held for trading:			
- Derivative Financial Instruments:			
- Fixed income and credit derivatives	-	8,092,595	8,092,595
- Equity derivatives	1,062,137	-	1,062,137
	-	-	-

ii) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. During the course of the Treasury department's financing and investment activities there is often a need to swap surplus flows in one currency into another currency, a process achieved using currency swap transactions in both outright and derivative forms.

The Bank will always attempt to minimise structural currency risk and Treasury does not take any views on definitive outright positions, but will always have a translational currency risk given the European nature of assets held on the Statement of Financial Position.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Fair value interest rate risk arises from mismatches between the future yield on financial assets and their associated funding costs as a result of interest rate changes.

It is the Bank's policy to mitigate such risk through minimising the mismatch of the dates on which interest receivable on financial assets and interest payable on liabilities are next reset to the market rates or, if earlier, the date on which the instruments mature. Where applicable, derivative transactions are used to reduce this interest rate gap. In accordance with the outsourcing contract, NIP's Treasury department monitors compliance with interest rate gap policies, which are subsequently monitored independently by the Market Risk department. Almost all exposure is hedged to a 3 month LIBOR (or equivalent) position or shorter.

At 31 March 2011, the Bank had no significant exposure to fair value interest rate risk.

b) <u>Credit Risk</u>

Credit risk refers to the potential loss in the value of a transaction because of a counterparty or issuer failing to perform its contractual commitment. This type of risk is reduced through diversification, effective credit analysis of counterparties, enforcement of credit limits by country and by counterparty, management of credit exposure through netting arrangements, and the maintenance of adequate collateral to secure the commitments of counterparties. Credit derivatives are also used to reduce exposure or to hedge credit risk with respect to issuers.

NIP's Investment Evaluation and Credit function is responsible for managing credit risks to which the Bank is exposed.

Counterparty exposure is managed through a process of limit setting and exception reporting with credit policy setting the maximum exposure and tenure based on credit rating. The Bank uses a scale of internal ratings that mirror the credit-rating agencies' rating scales. Changes to credit policy are presented to the Executive Management Committee, as are all credit actions.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the balance sheet. Credit derivatives exposure is calculated taking into account the credit quality of the underlying issue and the counterparty. The Bank trades using market convention documentation and, where appropriate, credit enhancements will be added to the documentation.

Counterparty exposure limits are set within the external Large Exposure limit requirements laid down by the Bank's regulator, the Financial Services Authority ("FSA").

As described in note 1(k), the Bank enters into netting agreements with certain counterparties to mitigate its exposure to credit loss. Amounts are only netted if there is a legal right to offset and the entity intends to settle on a net basis, or to realise an asset and settle the liability simultaneously. The impact of offsetting financial assets and financial liabilities which are subject to master netting agreements is not reflected in the Statement of Financial Position. At 31 March 2011 no transactions meet these criteria.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Credit Risk (continued)

The Bank mitigates its exposure to NIP requiring that cash lent is collateralised with securities (reverse repurchase transactions). At 31 March 2011 the fair value of securities pledged to the Bank by NIP was $18.288 billion, and largely comprised highly rated European government bonds. None of this collateral was repledged or retransferred at the balance sheet date.

Credit Risk Exposure

Generally, the Bank's maximum exposure to credit risk at the balance sheet date approximates the financial instruments' carrying amount. However, the below discloses the maximum exposure to credit risk for financial instruments where their carrying amount differs to their maximum exposure to credit risk, without taking account of any collateral held or any other credit enhancements. Certain off balance sheet instruments which expose the Bank to a risk of loss due to default by the parties underlying these contracts are also disclosed.

	Maximum Exposure to Credit Risk 31 March 2011 $'000
Financial guarantee contracts	34,859

Taking into account collateral and other credit enhancements, the Bank's significant credit risk is to NIP. The Bank benefits from a written guarantee from its ultimate parent, NHI, over its exposure to NIP.

Off balance sheet commitments

In the normal course of business, the Bank provides corporate counterparties with loan commitment facilities. The notional amount of undrawn commitments are held off balance sheet, until the point at which they become drawn. The fair value of the commitments and the drawn facility are carried at fair value on the Statement of Financial Position. In addition, the Bank provides certain financial guarantees to third parties over their exposure to Nomura group companies.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maximum Exposure to Credit Risk by Credit Rating

The credit quality of financial assets and off balance sheet commitments which are subject to credit risk is summarised below. The credit ratings are determined by the Bank's internally determined public rating agency equivalents.

	Maximum Exposure to Credit Risk 31 March 2011 $'000
Financial Assets	
AA	295
A	2,890
AAA	357
BBB	24,233,697
Not rated	67,194
Total	**24,304,433**
Off balance sheet commitments and financial guarantee contracts	
AA	212,782
A	1,351,860
BBB	187,259
B	95
Total	**1,751,996**
Total exposure to credit risk by credit rating	**26,056,429**

Within "not rated" are balances representing the pool of counterparties which individually do not generate material credit risk for the Bank.

Substantially all the financial assets with exposures rated BBB are collateralised using a mixture of securities collateral, largely comprising highly rated European government bonds, or cash. In addition, the Bank benefits from a written guarantee from its ultimate parent, NHI, over its exposure to NIP. A significant proportion of the Bank's BBB exposure is with NIP.

Included within "not rated" are two loans which are past due at the balance sheet date, carried at a total of $8,674,653. All credit risk arising on these positions is hedged with NIP; therefore there is no net impact on the profit and loss account of the Bank.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Concentrations of Credit Risk

Due to the Bank's approach to mitigating risk, it is not exposed to any significant concentration risk other than that from other Nomura Group companies.

c) Liquidity Risk

The Bank defines liquidity risk as the potential inability to meet financial obligations as they become due. We therefore seek to ensure adequate liquidity across market cycles and through periods of stress. This is achieved through a controlled process that ensures that cumulative financing requirements are restricted to pre-set levels. The Bank's liquidity management includes monitoring projected contractual and contingent cash flows and maintaining liquidity and funding contingency plans.

We assess the Bank's liquidity requirements under various stress scenarios with differing levels of severity over multiple time horizons. We evaluate these requirements under company-specific and broad market wide events, including potential credit rating downgrades at the parent company and subsidiary levels that may impact us by loss of access to unsecured capital markets, additional collateral posting requirements, limited or no access to secured funding markets and other events. We call this risk analysis our "Maximum Cumulative Outflow" framework.

The liquidity risk appetite for the Bank has been set and is fully integrated within the Bank's overall risk appetite framework, which defines the types and levels of risk the Bank is willing to accept in pursuit of its strategic objectives within the MCO framework

To ensure that the Bank has sufficient reserves to guard against any unforeseen event, the Treasury department requires that the businesses operate within unsecured funding limits that are set at a level significantly below what is estimated to be available.

In addition, a key operating principle of the Treasury department is to withstand market shocks for periods lasting up to one year without either issuing new unsecured financing or forced liquidation of assets. This is achieved by maintaining sufficient long-term debt and equity to meet the cash capital requirements of all the Bank's assets and holding a global portfolio of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity to meet immediate requirements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Contractual Maturity Table

The table below shows the maturity profile of the Bank's financial assets. The analysis into maturity groupings is based on the remaining period to the contractual maturity date or, if earlier, the expected date the assets will be realised. Derivatives are disclosed at fair value on demand with the exception of gross settled derivatives, which are shown by contractual maturity remaining.

31 March 2011:	On demand $'000	Less than 30 days $'000	31 days - 1 year $'000	1-5 year $'000	Later than 5 years $'000	Total $'000
Financial assets						
Loans and advances to banks	7,571	-	-	-	-	7,571
All other loans and advances	-	-	1,295	-	-	1,295
Financial assets designated at fair value through profit and loss						
- Bonds and medium-term notes	-	-	-	-	300,000	300,000
- Secured lending	-	-	1,645,745	1,051,175	1,087,931	3,784,851
- Other financial instruments	8,530	-	711,080	20,382	11,034	751,026
Securities purchased under agreement to resell	-	8,787,464	8,865,940	-	-	17,653,404
Available-for-sale financial investments	-	-	-	-	152	152
Derivatives held for trading	1,739,537	-	17,556	2,134	929	1,760,156
Other asset categories	45,978	-	-	-	-	45,978
Total assets	**1,801,616**	**8,787,464**	**11,241,616**	**1,073,691**	**1,400,046**	**24,304,433**

The table below shows the Bank's financial liabilities by remaining contractual maturity, taking into account early redemption features. Derivatives and other instruments containing embedded derivatives including structured note issuances and other financial liabilities designated at fair value are presented at their fair values. Derivatives are disclosed at fair value on demand with the exception of gross settled derivatives, which are shown by contractual maturity remaining. Financial liabilities designated at fair value are disclosed based on their earliest redemption date. Given the complex nature of the Bank's financial liabilities designated at fair value and the volatility in relation to the performance of the underlying instruments, fair value is deemed an appropriate measure of the contractual amount at maturity.

31 March 2011:	On demand $'000	Less than 30 days $'000	31 days - 1 year $'000	1-5 year $'000	Later than 5 years $'000	Total $'000
Financial liabilities						
Customer accounts	50,312	-	-	-	-	50,312
Borrowing from affiliates	3,124,315	3,027,676	302,792	8,665	30,000	6,493,448
Borrowing from others	-	95,044	473	6,058	4,740	106,315
Financial liabilities designated at fair value through profit and loss						
- Bonds and medium-term notes	1,810	84,654	1,864,330	4,792,233	5,584,271	12,327,298
- Other financial instruments	-	-	708,957	-	20,876	729,833
Other liabilities	-	-	33,152	-	-	33,152
Derivatives held for trading	2,897,644	32,525	14,743	1,637	199	2,946,748
Securities sold under agreements to repurchase	-	-	709,275	-	-	709,275
Other liability categories	130,123	-	-	-	730	130,853
Total liabilities	**6,204,204**	**3,239,899**	**3,633,722**	**4,808,593**	**5,640,816**	**23,527,234**

The Bank is not aware of any breaches of loan payables during the year.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions have been applied in determining the fair values of financial instruments:

a) The fair value of loans and receivables and other liabilities due within 12 months are assumed to approximate to their carrying values.

b) Financial assets classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated using a valuation model.

c) Financial assets and liabilities designated at fair value through profit and loss and derivatives are measured at fair value by reference to quoted market prices when available. Such models are based wherever possible on assumptions supported by observable market prices or rates. These valuation techniques are based on assumptions. As a result, the fair value calculated using these valuation techniques will change if the underlying assumptions change. The potential impact of using reasonably possible alternative assumptions to value these financial instruments has not been disclosed as, due to the Bank's transfer of risks to other Nomura Group companies, it is not deemed significant.

There are no financial instruments whose carrying amounts differ materially to their fair values.

Fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities accessible by the Bank at the measurement date.

Level 2 - Quoted prices in inactive markets or prices containing other inputs which are observable, either directly or indirectly. Valuation techniques using observable inputs reflect assumptions used by market participants in pricing financial instruments and are based on data obtained from independent market sources at the measurement date.

Level 3 - Unobservable inputs that are significant to the fair value measurement of the financial instrument. Valuation techniques using unobservable inputs reflect management's assumptions about the estimates used by other market participants in valuing similar financial instruments. These valuation techniques are developed based on the best available information at the measurement date.

The following tables presents information about the Bank's financial assets and financial liabilities measured at fair value within the fair value hierarchy, based on the transparency of inputs into the valuation techniques used by the Bank to determine such fair values. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement of the financial instrument.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value – Assets

31 March 2011:	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Financial assets held for trading:				
- Derivatives	-	1,474,522	285,634	1,760,156
Financial assets designated at fair value through profit and loss:				
- Notes	-	300,000	-	300,000
- Secured lending	-	3,784,851	-	3,784,851
- Loans and receivables	-	716,060	34,966	751,026
	-	**6,275,433**	**320,600**	**6,596,033**

Fair value – Liabilities

31 March 2011:	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial Liabilities				
Financial liabilities held for trading:				
- Derivatives	-	2,458,839	487,909	2,946,748
Financial liabilities designated at fair value through profit and loss:				
- Bonds and medium-term notes	-	12,162,314	164,984	12,327,298
- Other	-	708,957	20,876	729,833
	-	**15,330,110**	**673,769**	**16,003,879**

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 financial assets and financial liabilities

Level 3 financial assets and financial liabilities include instruments whose valuations are significantly dependent on parameters which are unobservable in the market. Financial instruments are categorised in accordance with their lowest level significant input. As a result, a derivative valued using a combination of level 1, level 2 and level 3 parameters would be classified in level 3 in its entirety, if its value is significantly affected by at least one significant unobservable parameter.

These financial instruments are often hedged with instruments within level 1 or level 2 of the fair value hierarchy and the gains or losses below do not reflect the offsetting gains or losses for these hedging instruments. Additionally, due to these hedging arrangements no effect of reasonably possible alternative assumptions has been disclosed as a change in any assumption would cause a similar offsetting effect to the hedging instruments' fair value. Level 3 instruments are also measured using both observable and unobservable inputs. Fair value changes presented below, therefore, reflect realised and unrealised gains and losses resulting from movements in both observable and unobservable parameters.

The following table presents information about financial assets and liabilities measured at fair value on a recurring basis for which the Bank has utilised level 3 inputs to determine fair value.

NOMURA BANK INTERNATIONAL PLC

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

31 March 2011: $'000s	At 1 April 2010	Total gains (losses) in P&L	Net cash (in)/out	Settle-ments	Net transfers in/(out) of level 3	At 31 March 2011	Unrealised Total gains (losses)in P&L
Financial assets							
Financial assets held for trading:							
- Derivatives	349,541	13,202	-	5,876	(82,985)	285,634	21,506
Financial assets designated fair value through profit and loss:							
- Loans and receivables	31,518	1,236	2,212	-	-	34,966	3,449
	381,059	**14,438**	**2,212**	**5,876**	**(82,985)**	**320,600**	**24,955**

$'000s	At 1 April 2010	Total (gains)/ losses in P&L	Net issuance/ redemption	Settle-ments	Net transfers in/(out) of level 3	At 31 March 2011	Unrealised Total gains (losses) in P&L
Financial liabilities							
Financial liabilities held for trading:							
- Derivatives	452,862	75,447	-	6,617	(47,018)	487,908	112,594
Financial liabilities designated fair value through profit and loss:							
- Structured notes	382,638	(7,786)	97,224	-	(307,091)	164,985	(10,308)
- Other	13,800	5,185	1,891	-	-	20,876	7,076
	849,300	**72,846**	**99,115**	**6,617**	**(354,109)**	**673,769**	**109,362**

Total gains and losses on financial liabilities included in the above table are included in 'Dealing losses' in the profit and loss account.

15. CAPITAL MANAGEMENT POLICY

UK Capital Management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank is able to withstand losses due to extreme market movements. The Bank looks to mitigate risk through the use of derivative arrangements with other Nomura Europe group companies. The Bank reviews the appropriate level of capital adequacy, with senior management responsible for implementing and enforcing capital policies. The determination of asset size and level of capital take into consideration regulatory requirements, economic risks inherent in its business and maintenance of a desirable debt rating. The allocation of available capital resource across the business is then based upon factors such as return on capital and regulatory requirements.

The Bank is subject to and complies with the regulatory requirements of the UK Financial Services Authority (FSA).

No changes were made in the objectives, policies or processes for managing capital in the year.

UK Regulatory Capital

Regulatory guidelines developed by the Basel Committee and European Union Directives, as implemented by the FSA for supervisory purposes define three 'Tiers' of capital resources. Tier 1 capital is the highest tier and consists of, inter alia, ordinary share capital and audited retained earnings. The Bank does not currently maintain Tier 2 or Tier 3 capital.

	2011 **$'000**
Tier 1 capital	644,815
Total capital resources	**644,815**

16. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

HM Revenue and Customs

In 1998 the Bank sold its leasing business to a third party. HM Revenue & Customs has made an assessment of £6.4 million which remains unpaid by the new owners. As at 31 March 2012 the additional interest on this tax assessment balance stands at an estimated £4.7 million. The Bank's directors have sought legal advice and believe that the assessment has been wrongly made against the Bank. The Bank has appealed the assessment and vigorously contests the matter.

WestLB

On 17 April 2009 WestLB served proceedings on NIP and the Bank claiming that, on maturity of a note issued by the Bank and maturing in October 2008, WestLB were entitled to receive approximately $22 million, which it claims to be the value of a fund of shares referable to the note. On 11 November 2010, the High Court in London dismissed WestLB’s claim. WestLB obtained leave to appeal on 7 March 2011. On 24 April 2012 the Court of Appeal in London dismissed WestLB’s appeal.

Commitments

The Bank had commitments as at 31 March 2011 amounting to $1,717,136,841 in respect of undrawn note issuance facilities and loan commitments. The loan commitments are sub-participated to NIP on commitment date.

Financial guarantee contracts

The Bank provides certain financial guarantees to third parties over their exposure to Nomura group companies. At 31 March 2011 the exposure on these financial guarantee contracts amounted to $34,859,260.

17. RELATED PARTY TRANSACTIONS

The Bank enters into various transactions with other companies under common control within the Nomura Group which are at an arm's length basis.

a. Transactions with Nomura International Plc (NIP)

i. The Bank has secured financing and collateralised lending receivables owing from NIP to the amount of $ 21,438,255,000.

ii. The Bank enters into derivative agreements with NIP to hedge the market risk on medium term notes issued. The fair value of the derivatives assets with NIP is $1,380,571,808 and fair value of derivative liabilities with NIP is $1,610,011,808). The Bank had received cash collateral on its derivatives and a related payable to NIP of $3,124,352,539).

iii. The Bank has other receivables due from NIP of $63,314,942 and other payable due to NIP of $121,450,059.

b. Transactions with Nomura Bank (Luxembourg) S.A. (NBL)

i. The Bank has secured financing payables owing to NBL of $709,275,192.

ii. The Bank has overdrafts and borrowings due to NBL of $1,896,650,148.

c. Transactions with other Nomura group companies

i. The Bank entered into derivative agreements with other Nomura group companies. The fair value of these derivative assets is $364,709,325, and the fair value of derivative liabilities owed to these related parties is $420,124,372.

ii. The Bank has an investment of $300,000,000 in vanilla floating rate notes issued by a related party.

iii. The Bank has overdrafts and borrowings due to other Nomura group companies of $1,387,857,408.

For the year ended 31 March 2011, there was no impairment loss on any of the above disclosed related party receivables.

The risk on the Bank's transactions is predominantly retained by other Nomura Group companies. Therefore many 'back-to-back' transactions exist between the Bank and other Nomura Group companies.

In addition to the above, the Bank has significant dependencies with other Nomura Group companies. Certain Corporate services, including the use of IT systems, are provided by NIP through service level agreements. The premises where the Bank is registered and operates are leased by Nomura Properties plc.

18. FIRST-TIME ADOPTION OF IFRS

The Directors have prepared financial information for the year ended 31 March 2011 on the same basis expected to be applicable to comparative information prepared for inclusion in the first financial statements of the Bank prepared in accordance with accounting standards as adopted for use in the EU. The accounting policies of the financial information are described in note 1.

For periods up to and including the year ended 31 March 2011, the Bank previously prepared its financial statements in accordance with Generally Accepted Accounting Principles in the United Kingdom ("UK GAAP"). This note explains the principal adjustments made by the Bank in restating its UK GAAP statement of financial position as at 1 April 2010 and its previously published UK GAAP financial statements as at and for the year ended 31 March 2011.

Reconciliation of total comprehensive income for the year ended 31 March 2011

There are no material differences to the statement of comprehensive income presented between IFRS and that previously reported under UK GAAP.

Statement of financial position

No assets and liabilities have been disclosed in the below tables as there are no differences to their UK GAAP amounts.

Statement of cash flows

Cash flows of financial liabilities designated at fair value through profit and loss were previously presented as operating cash flows under UK GAAP but its redemptions and repayments are now presented gross as financing activities. There are no other material differences in the statement of cash flows presented between IFRS and that previously reported under UK GAAP.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the general requirement to apply IFRSs as effective for 31 March 2011 retrospectively. The Bank has taken the following exemptions:

- Upon transition to IFRS, a loan was elected under Fair Value Option but its carrying amounts were equal to its fair value as of 1 April 2010 and 31 March 2011, $11.8m and $5.1m, respectively.
- Cumulative currency translation differences in equity were deemed to be zero as at 1 April 2010. A reconciliation of equity is presented below to explain the effect of transition to IFRS.

Reconciliation of equity as at 1 April 2010 (Date of transition to IFRS)

	Note	UK GAAP $'000	Effect of transition to IFRS $'000	IFRS $'000
Equities				
Share capital		555,000	-	555,000
Retained earnings	A	123,020	6,327	129,347
Redenomination reserve		-	-	-
Other reserve	A	6,327	(6,327)	-
Total equity		684,347	-	684,347

18. FIRST-TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of equity as at 31 March 2011

	Note	UK GAAP $'000	Effect of transition to IFRS $'000	IFRS $'000
Equities				
Share capital		555,000	-	555,000
Retained earnings	A	215,834	6,327	222,161
Redenomination reserve		3,108	(3,108)	-
Other reserve	A	3,257	(3,219)	38
Total equity		777,199	-	777,199

Note to reconciliation of equity as at 1 April 2010 and 31 March 2011

A. Other reserves

Other reserves includes the difference arising as a result of translating share capital at the rate on the date of redenomination which was 22 March 2010 instead of the rate at the balance sheet date upon the change in functional currency. The Bank has elected to deem these translation differences to be nil and transferred the balance to retained earnings.

19. DESCRIPTION OF THE NATURE OF THE BANK'S OPERATIONS AND ITS PRINCIPAL ACTIVITIES.

The Bank is incorporated in the United Kingdom and its registered office address is 1 Angel Lane, London EC4R 3AB.

The Bank's primary role is to support the Global Wholesale Business of the Nomura Group (Nomura Holdings Inc. ("NHI") and its consolidated subsidiaries). Its principal activities include:

- Issuance of guaranteed credit and equity linked notes and certificates;
- Provision of sub-participations and structured loans (including bridge and warehouse financing);
- Purchase of structured credit assets and structured loans;
- Traditional banking products such as loans and credit facilities in major currencies, repurchase and
- reverse repurchase transactions, letters of credit and guarantees; and
- Taking deposits (including foreign exchange and other reference linked deposits).

The Bank has branches in Milan, Italy and Labuan, Malaysia.

The Bank's ultimate parent company and controlling party, and the parent that heads the largest group of undertakings for which consolidated financial statements are prepared, is Nomura Holdings, Inc., which is incorporated in Japan.

The parent that heads the smallest group of undertakings for which consolidated financial statements are prepared is Nomura Europe Holdings plc, a company which is incorporated in the United Kingdom.

Copies of the financial statements of Nomura Holdings, Inc. and Nomura Europe Holdings plc can be obtained from 9-1, Nihonbashi 1-chome, Chuo-ku. Tokyo 103-8645, and 1 Angel Lane, London EC4R 3AB, respectively.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2011 (CONTINUED)

20. SUBSEQUENT EVENTS.

On 13 February 2012, the Bank acquired GE Capital Finance (China) Co., Ltd ("the Bank's China subsidiary") which is a finance company established in Shanghai, China, with a view to converting it into a fully licensed wholly foreign owned bank in China. The name of the Bank's China subsidiary will be changed to reflect Nomura branding in due course.

Ernst & Young LLP
1 More London Place
London SE1 2AF

Tel: 020 7951 2000
Fax: 020 7951 1345
www.ey.com/uk

The Directors
Nomura Bank International plc
1 Angel Lane
London EC4R 3AB

29 June 2012

Dear Sirs

Nomura Bank International plc (the "Company")

We report on the special purpose financial information set out on pages 1 to 44 in the Schedule to the Base Prospectus (defined below) for the year ended 31 March 2011. This financial information has been prepared for inclusion in the base prospectus relating to the issuance of participation securities dated 29 June 2012 (the "Base Prospectus") of the Company and has been prepared in anticipation of the Company's transition to accounting standards endorsed for use by EU entities required to comply with Regulation EC 1606/2002 ("Accounting standards as adopted for use in the EU") (the "2011 financial information") on the basis described in Note 1 to the 2011 financial information ("Note 1"), following the European Securities and Markets Authority ("ESMA") update of the recommendations of the Committee of European Securities Regulators for companies preparing one-year financial information for inclusion in prospectuses (ESMA/2011/81). As set out in Note 1, that basis may differ from the basis applicable if the 2011 financial information comprised the first financial statements of the Company under accounting standards as adopted for use in the EU and from the basis which will be adopted for the 2011 comparative financial information in the Company's 2012 financial statements prepared for the first time under accounting standards as adopted for use in the EU. This report is required by item 11.1 of Annex XI of Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under item 11.1 of Annex XI of Commission Regulation (EC) 809/2004 to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.1 of Annex XI to Commission Regulation (EC) 809/2004, consenting to its inclusion in the Base Prospectus.

Responsibility

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Note 1.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the accounting principles used and significant estimates and judgments made by those responsible for the preparation of the financial information and whether the policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Base Prospectus, a true and fair view of the state of affairs of the Company as at 31 March 2011 and of its profit and cash flows and changes in equity for the year then ended in accordance with the basis set out in Note 1.

Declaration

For the purposes of Prospectus Rule 5.5.4R (2)(f) we are responsible for this report as part of the Base Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Base Prospectus in compliance with item 1.2 of Annex XI of Commission Regulation (EC) 809/2004.

Yours faithfully

Ernst & Young LLP

Ernst & Young LLP

THE ISSUER

Nomura Bank International plc
1 Angel Lane
London EC4R 3AB

PRINCIPAL AGENT

BNP Paribas Securities Services, Luxembourg Branch
33 rue de Gasperich
Howald – Hesperange
L – 2085 Luxembourg

PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch
33 rue de Gasperich
Howald – Hesperange
L – 2085 Luxembourg

CALCULATION AGENT

Nomura International plc
1 Angel Lane
London EC4R 3AB

ADVISERS

As to English Law

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF