

Amendment to Program Information

**Nomura Bank International plc
Nomura Europe Finance N.V.**

AMENDMENT TO PROGRAM INFORMATION

Cover

Type of Information:	Amendment to Program Information
Date of Filing:	20 September 2016
Company Name:	1) Nomura Bank International plc ("NBI") 2) Nomura Europe Finance N.V. ("NEF")
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Information on initial Program Information:

Date of Filing:	27 July 2016
Expected Issuance Period:	27 July 2016 to 26 July 2017
Maximum Outstanding Issuance Amount:	1) NBI
	U.S.\$3,000,000,000
	2) NEF
	U.S.\$22,000,000,000

This amendment, consisting of this cover page and the Base Prospectus dated 16 September 2016 is filed to replace the Base Prospectus dated 11 December 2015 (as supplemented) included in the Program Information dated 27 July 2016 as amended by the amendment dated 15 August 2016 ("**Program Information**"). This constitutes an integral part of the Program Information and shall be read together with it.

BASE PROSPECTUS

NOMURA

NOMURA BANK INTERNATIONAL PLC

(incorporated in England with limited liability with registered number 1981122)

NOMURA EUROPE FINANCE N.V.

(a limited liability company with corporate seat in Amsterdam, the Netherlands)

EURO NOTE PROGRAMME

FOR THE ISSUE OF NOTES WHICH WILL BE GUARANTEED, IF SO SPECIFIED IN THE APPLICABLE FINAL TERMS, BY EITHER

NOMURA HOLDINGS, INC.

(incorporated in Japan with limited liability)

OR, ON A JOINT AND SEVERAL BASIS, BY

NOMURA HOLDINGS, INC.

(incorporated in Japan with limited liability)

AND

NOMURA SECURITIES CO., LTD.

(incorporated in Japan with limited liability)

Under this Euro Note Programme (the **Programme**), Nomura Bank International plc (**NBI**) and Nomura Europe Finance N.V. (**NEF** and, together with NBI, the **Issuers** and each an **Issuer**) may from time to time issue Notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined herein).

The payment and/or delivery obligations under the Notes of each Issuer may be unconditionally and irrevocably guaranteed, as specified in the applicable final terms document (the **Final Terms**), either by Nomura Holdings, Inc. (**NHI**) or on a joint and several basis by NHI and Nomura Securities Co., Ltd. (**NSC** and, together with NHI, the **Guarantors** and each, a **Guarantor**). Notes may also be issued without a guarantee from either NHI or NSC.

In relation to each Tranche (as defined herein) of Notes, the applicable Final Terms will specify whether such Tranche is to be guaranteed by either NHI or NHI and NSC or not guaranteed by either. References herein to **Guaranteed Notes** shall be construed as references to Notes which are guaranteed by either NHI or, on a joint and several basis, by NHI and NSC, as specified in the applicable Final Terms. References herein to **Guarantor(s)** shall be construed to mean **NHI** (where the relevant Final Terms specify NHI as sole Guarantor in respect of the relevant Series of Notes), or the Guarantors (where the relevant Final Terms specify each of NHI and NSC as the Guarantors in respect of the relevant Series of Notes). NEF shall only issue Guaranteed Notes which shall be guaranteed by either (i) NHI or (ii) NHI and NSC on a joint and several basis. Guaranteed Notes issued by NBI shall only be guaranteed by NHI.

On 26 July 2002 and 19 October 1994, each of NBI and NEF, respectively, established its own programme for issuing and listing the notes described therein (the **Existing Programmes**). Notes issued under the Existing Programmes can be guaranteed by NHI or NSC or, by NHI and NSC on a joint and several basis or, not guaranteed by either, all as described therein. On 13 May 2011, NEF was substituted for Nomura Global Funding plc (i) as the issuer of the guaranteed notes and as principal obligor under the Programme and (ii) as the issuer of the guaranteed notes and as principal obligor under the deed of covenant and the agency agreement under the USD 3,500,000,000 single-issuer euro note programme of Nomura Global Funding plc (**NGF Single-Issuer Programme**).

For the purposes of calculating the maximum aggregate amount of Guaranteed Notes that can be issued under the Programme, the outstanding guaranteed notes issued under the Existing Programmes by each Issuer, as well as the NGF Single-Issuer Programme in the case of NEF, will be taken into account.

The Issuers have a right of substitution as set out in Condition 20. The Guarantors have a limited right of substitution as set out in Condition 20.

The maximum aggregate nominal amount of Notes issued by the relevant Issuer and from time to time outstanding under the Programme will not exceed:

- U.S.\$3,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) in the case of Notes issued by NBI; and
- U.S.\$22,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) in the case of Notes issued by NEF,

subject to increase in accordance with the terms of the Dealer Agreement.

Application has been made to the Luxembourg Stock Exchange in its capacity as the market operator of the Euro MTF Market under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) to list Notes issued under the Programme on the Euro MTF Market for a period of 12 months from the date of this Base Prospectus. Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, the issue date and maturity date of, and any other terms and conditions not contained herein which are applicable to, each Tranche of Notes will be set forth in the applicable Final Terms which, with respect to Notes to be listed on the Euro MTF Market of the Luxembourg Stock Exchange will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche. In addition to the above, the Programme will also be admitted for the listing of the Notes on the Tokyo Stock Exchange in its capacity as the market operator of the TOKYO PRO-BOND Market in accordance with the rules and regulations of the Tokyo Stock Exchange.

This Base Prospectus may only be used for the purpose for which it has been published.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Euro MTF Market and are intended to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Euro MTF Market is not a regulated market for the purposes of Directive 2004/39/EC as amended (the **Markets in Financial Instruments Directive**).

The Programme provides that Notes may be listed on or by such other or further stock exchange(s) (other than in respect of an admission to trading on any market in the European Economic Area (the **EEA**) which has been designated as a regulated market for the purposes of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**)) as may be agreed between the relevant Issuer and the relevant Dealer. The Issuers may also issue unlisted Notes.

The Notes of each Tranche will either initially be represented by a temporary global note (each a **Temporary Global Note**) or, if agreed between the relevant Issuer and the relevant Dealer, be represented by a permanent global note (each a **Permanent Global Note**) which, in either case, will be deposited on the issue date thereof with a common depository or a common safekeeper, as the case may be, on behalf of Euroclear Bank SA/NV (**Euroclear**), and Clearstream Banking S.A. (**Clearstream, Luxembourg**) and/or any other agreed clearing system. A Temporary Global Note so issued will be exchangeable, as specified in the applicable Final Terms, for either a Permanent Global Note or definitive Notes, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Note will be exchangeable for definitive Notes as further described in "*Form of the Notes*" below.

Arranger

Nomura International plc

Dealers

Nomura Bank International plc

Nomura International plc

The date of this Base Prospectus is 16 September 2016

NOTICES TO INVESTORS

The Issuers and the Guarantors accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuers and the Guarantors (each of which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

The Dealers have not separately verified all the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Dealer as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by any of the Issuers or any of the Guarantors in connection with the Programme or any Notes. The Dealers do not accept any liability in relation to the information contained in this Base Prospectus or to any other information provided by any of the Issuers or any of the Guarantors in connection with the Programme or any Notes.

No person has been authorised to give any information or to make any representation not contained in or consistent with this Base Prospectus or any other information supplied in connection with the Programme or any Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuers, any of the Guarantors or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by any of the Issuers, any of the Guarantors or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor(s). Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of any of the Issuers, any of the Guarantors or any Dealer to any person to subscribe for or to purchase any Notes.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning any of the Issuers or any of the Guarantors is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantors and/or any of their respective subsidiaries during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor(s) when deciding whether or not to purchase any Notes.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantors and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any of the Issuers, any of the Guarantors or any of the Dealers which would permit a public offering of the Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material relating to the Programme or Notes issued thereunder may be distributed or published in any jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the same terms. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including the Netherlands and the United Kingdom), Hong Kong, the PRC and Japan (see “*Subscription and Sale*” below).

The Notes have not been and will not be registered under the United States Securities Act, 1933, as amended (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “*Subscription and Sale*” below).

All references in this Base Prospectus to (i) **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, (ii) **U.S. dollars** and **U.S.\$** refer to the lawful currency for the time being of the United States of America, (iii) **£** and **Sterling** refer to the lawful currency for the time being of the United Kingdom, (iv) **Yen** and **¥** refer to the lawful currency for the time being of Japan, (v) **RMB, CNY** or **Renminbi** refer to the lawful currency for the time being of the PRC, (vi) **A\$** refer to Australian dollars, (vii) **C\$** refer to Canadian dollars, (viii) **IDR** refer to Indonesian rupiah, (ix) **SFr** refer to Swiss francs, (x) **S\$** refer to Singapore dollars and (xi) **M\$** refer to Malaysian ringgits.

All references in this Base Prospectus to the PRC are to the People’s Republic of China, which for the purpose of this Base Prospectus shall exclude the Hong Kong Special Administrative Region of the People’s Republic of China, the Macao Special Administrative Region of the People’s Republic of China and Taiwan.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) or persons acting on behalf of any Stabilising Manager(s) in accordance with all applicable laws and rules.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of this Base Prospectus:

- (a) the publicly available audited consolidated annual financial statements of NBI for the financial year ended 31 March 2016 and the publicly available audited consolidated annual financial statements of NBI for the financial year ended 31 March 2015;
- (b) the publicly available audited non-consolidated annual financial statements of NEF for the two financial years ended 31 March 2016 and 31 March 2015;
- (c) the United States Securities and Exchange Commission Form 20-F filings of NHI’s annual reports for the two fiscal years ended 31 March 2016 and 31 March 2015, each containing the auditors reports and the consolidated financial statements of NHI for such years on pages F-1 to F-132 and F-1 to F-132, respectively (but excluding any documents incorporated therein);
- (d) NHI’s United States Securities and Exchange Commission Form 6-K filing dated 24 August 2016 of an English translation of NHI’s unaudited Quarterly Securities Report (including unaudited consolidated financial statements) as at and for the three months ended 30 June 2016;
- (e) the publicly available audited non-consolidated annual financial statements of NSC for the two financial years ended 31 March 2016 and 31 March 2015;
- (f) an English translation of NSC’s unaudited financial information for the three months ended 30 June 2016;
- (g) the publicly available registration document of NBI dated 8 September 2016 with the exception of the Accountants’ Report and the republished financial information of NBI for the financial year ended 31 March 2016 in accordance with IFRS set out in the Schedule (Historical Financial Information) to the registration document which shall not be incorporated by reference (the **Registration Document**) approved by the Central Bank of Ireland in its capacity as an Irish competent authority under the Prospectus Directive.

In particular, the following information contained in the Registration Document, set out at the pages below, is incorporated by reference in this Base Prospectus:

Rules and Regulations of the Luxembourg Stock Exchange		Pages
3.1.1	Date of incorporation and length of life of the issuer, except where indefinite	Page 11
3.1.2	Legislation under which the issuer operates and legal form which it has adopted under that legislation	Page 11
3.2.0	The amount of the issued capital and the number and classes of the securities of which it is composed with details of their principal characteristics. The part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of securities not yet fully paid up, broken down where applicable according to the extent to which they have been paid up	Page 14
3.2.2	If the issuer belongs to a group of undertakings, a brief description of the group and of the issuer’s position within it	Page 11
4.1.0	Description of the issuer’s principal activities, stating the main categories of products sold and/or services performed	Page 13
7.1	General information on the trend of the issuer’s business since the end of the financial year to which the last published annual accounts relate	Pages 13-14
7.2	Information on the issuer’s prospects for at least the current financial year	Pages 13-14

Part 2, Article 8	Risk Factors	Pages 4 - 9
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and

- (h) all supplements to this Base Prospectus circulated by the Issuers, NHI and NSC from time to time in accordance with the provisions of the Dealer Agreement (as defined in “*Subscription and Sale*” below) described below,

save that any statement contained herein or in a document which is deemed to be incorporated in whole or in part by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated in whole or in part by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Nomura Bank (Luxembourg) S.A. in its capacity as listing agent (the **Listing Agent**) for the Notes to be listed on the Euro MTF Market of the Luxembourg Stock Exchange will provide (on behalf of any of the Issuers and the Guarantors), without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written or telephone requests for such documents should be directed to the Listing Agent at its principal office in Luxembourg as set out at the end of this Base Prospectus. In addition, such documents will be available free of charge, if and so long as any Notes are listed on the Luxembourg Stock Exchange from the principal office of the Listing Agent and copies will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The relevant Issuer and, if applicable, the Guarantor(s), will, in connection with the listing of the Notes issued under the Programme on the Luxembourg Stock Exchange, so long as the Notes remain outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the relevant Issuer or the Guarantor(s), (provided such Notes are Guaranteed Notes) which is not reflected in the Base Prospectus, advise the Luxembourg Stock Exchange and prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange.

The Issuer may agree with any Dealer and the Luxembourg Stock Exchange that the Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Base Prospectus or a new Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

GENERAL DESCRIPTION OF THE PROGRAMME

The maximum aggregate nominal amount of all Notes issued by the relevant Issuer and from time to time outstanding under the Programme will not exceed:

- U.S.\$3,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) in the case of Notes issued by NBI; and
- U.S.\$22,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) in the case of Notes issued by NEF,

subject to increase in accordance with the terms of the Dealer Agreement.

The Notes will be issued on a continuing basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time. References to the **relevant Dealer** are references to the Dealer or Dealers with whom the Issuer has agreed or proposes to agree the terms of an issue of Notes under the Programme.

The relevant Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to this Base Prospectus or a new Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Under the Programme, the relevant Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Base Prospectus and any supplements hereto will only be valid in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued by an Issuer under the Programme, does not exceed the maximum aggregate nominal amount of Notes applicable to such Issuer or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*" below) shall be determined, at the discretion of the relevant Issuer, either as of the date of agreement to issue such Notes (the **Agreement Date**) or on the preceding day on which commercial banks and foreign exchange markets are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, in each case on the basis of the spot rate for the sale of U.S. dollars against the purchase of the relevant Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on such date;
- (b) the U.S. dollar amount (or, where applicable, the U.S. dollar equivalent of the amount) of Dual Currency Notes, Foreign Exchange Linked Notes, Index Linked Notes, Equity Linked Notes, Credit Linked Notes, Exchangeable Notes, Other Notes (not issued at a discount or a premium) and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*") shall be calculated (where applicable, in the manner specified above) by reference to the original nominal amount of such Notes issued (in the case of Partly Paid Notes regardless of the purchase price paid); and
- (c) the U.S. dollar amount (or, where applicable, the U.S. dollar equivalent of the amount) of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under "*Form of the Notes*" below) and Other Notes issued at a discount or a premium shall be calculated (where applicable, in the manner specified above) by reference to the net proceeds received by the relevant Issuer for the relevant issue.

OVERVIEW OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following overview does not purport to be exhaustive and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meaning when used herein.

Issuers	Nomura Bank International plc; and Nomura Europe Finance N.V.
Guarantor(s).....	If so specified in the applicable Final Terms: (i) Nomura Holdings, Inc.; or (ii) Nomura Holdings, Inc. and Nomura Securities Co., Ltd., on a joint and several basis. Nomura Europe Finance N.V. shall only issue Guaranteed Notes which shall be guaranteed by either (i) NHI or (ii) NHI and NSC on a joint and several basis. Guaranteed Notes issued by Nomura Bank International plc shall only be guaranteed by NHI. If no Guarantor is specified in the applicable Final Terms, the Notes will not be guaranteed.
Description	Euro Note Programme
Arranger.....	Nomura International plc
Dealers.....	Nomura Bank International plc Nomura International plc
Agent	Citibank, N.A., London
Calculation Agent.....	Nomura Bank (Luxembourg) S.A. or Nomura International plc and any other entity appointed as Calculation Agent from time to time.
Settlement Agent	Nomura Bank (Luxembourg) S.A. or Nomura International plc and any other entity appointed as Settlement Agent from time to time.
Programme Size.....	Up to U.S.\$3,000,000,000 aggregate nominal amount of Notes issued by NBI and up to U.S.\$22,000,000,000 aggregate nominal amount of Notes issued by NEF (or the equivalent in other currencies calculated as described in “ <i>General Description of the Programme</i> ” above) outstanding at any time. The relevant Issuer may increase or decrease the amount of the Programme in accordance with the terms of the Dealer Agreement.
Legal and Regulatory Requirements....	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ” below).
Distribution.....	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies.....	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the

relevant Dealer in connection with each Tranche as indicated in the applicable Final Terms.

Certain Restrictions	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the UK Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See “ <i>Subscription and Sale</i> ”.
Redenomination.....	<p>The applicable Final Terms may provide that certain Notes may be redenominated in euro.</p> <p>The relevant provisions applicable to any such redenomination are contained in Condition 4.</p>
Maturities.....	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
Issue Price.....	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes.....	The Notes of each Tranche will either initially be represented by a Temporary Global Note or, if agreed between the relevant Issuer and the relevant Dealer, be represented by a Permanent Global Note which, in either case, will be deposited on the relevant Issue Date with a common depositary or a common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. A Temporary Global Note will be exchangeable as described therein for either a Permanent Global Note or definitive Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case not earlier than 40 days after the relevant Issue Date and only upon certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Global Note will be exchangeable, as specified in the applicable Final Terms, upon request as described therein, in whole but not in part, for definitive Notes either upon not less than 60 days’ written notice to the Agent or only upon the occurrence of an Exchange Event, each as described in “ <i>Form of the Notes</i> ” below. Any interest in a Global Note (as defined below under “ <i>Form of the Notes</i> ”) will be transferable only in accordance with the rules and procedures for the time being of the clearing system or clearing systems with which it is deposited.
Fixed Rate Notes	Interest on Fixed Rate Notes will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer (as indicated in the applicable Final Terms) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as

amended, updated or replaced as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service or on such other basis as may be agreed between the relevant Issuer and the relevant Dealer (in each case as indicated in the applicable Final Terms).

The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each issue of Floating Rate Notes.

Other provisions in relation to Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes	Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.
Status of the Notes.....	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(a), unsecured obligations of the relevant Issuer and shall at all times rank <i>pari passu</i> 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 relevant Issuer from time to time outstanding.
Status of the Guarantee.....	The relevant Issuer's payment and/or delivery obligations in respect of Guaranteed Notes will be unconditionally and irrevocably guaranteed by the Guarantor(s) under the Guarantee (as described below). The obligations of the Guarantor(s) under the Guarantee will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(b), unsecured obligations of the Guarantor(s) and shall (subject as aforesaid and save for obligations in respect of taxes and certain other statutory exceptions) at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor(s).
Changes of Interest or Redemption/Payment Basis.....	Notes may be converted from one Interest or Redemption/Payment basis to another if so provided in the applicable Final Terms.
Dual Currency Notes	Payments of principal in respect of Dual Currency Redemption Notes or interest in respect of Dual Currency Interest Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).
Foreign Exchange Linked Notes.....	Payments of principal in respect of Foreign Exchange Linked Redemption Notes or of interest in respect of Foreign Exchange Linked Interest Notes will be calculated by reference to such variations in currency exchange rates as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index or basket of indices and/or such formula or such changes in the price of securities or commodities or such other factors except variations in currency exchange rates as the

relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

Zero Coupon Notes.....	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Equity Linked Notes.....	Equity Linked Redemption Notes and Equity Linked Interest Notes will provide for the payment of amounts and/or the delivery of assets (other than cash) in respect of principal or interest, as the case may be, calculated by reference to a single equity security or a basket of equity securities, in each case, on such terms as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Final Terms.
Credit Linked Notes.....	Credit Linked Notes will provide for the payment of amounts and/or the delivery of obligations in respect of interest or principal as linked to the creditworthiness or occurrence of one or more credit-related events in relation to one or more legal persons, sovereign states or other entities set out, in each case, as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Final Terms.
Exchangeable Notes	Exchangeable Notes are redeemable by delivery of shares or other securities, or a combination of such shares or securities and cash, on such terms as are indicated in the applicable Final Terms.
Other Notes.....	Notes with respect to which payment of principal and/or interest is linked to any other source not referred to above will be issued on such terms as the relevant Issuer and the relevant Dealer may agree, as set out in the applicable Final Terms.
Redemption.....	<p>The Final Terms relating to each Tranche of Notes will set out the basis of redemption in respect of such Tranche and may indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons, or upon a regulatory event or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or, as the case may be, the relevant Issuer on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.</p> <p>The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.</p> <p>Notes issued on terms that they must be redeemed before their first anniversary may be subject to restrictions on their denomination and distribution. See "<i>Certain Restrictions</i>" above.</p>
Denomination of Notes.....	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. See " <i>Certain Restrictions</i> " above.
Taxation.....	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within the United Kingdom, the Netherlands or Japan, subject as provided in Condition 10. In the event that any such deduction is made the Issuer (or as the

case may be, the Guarantor) will, save in limited circumstances, be required to pay additional amounts to cover the amounts so deducted.

All payments of principal and interest in respect of the Notes will be made subject to any withholding or deduction required pursuant to fiscal and other laws, as provided in Condition 10.

Negative Pledge.....	The Notes will contain a negative pledge provision given by the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor(s) as described in Condition 3.
Cross Default.....	The Notes will contain a cross default provision relating to the indebtedness in respect of money borrowed by the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor(s) as described in Condition 12.
Listing.....	<p>Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market. The Programme will also be admitted for the listing of the Notes on the Tokyo Stock Exchange in its capacity as the market operator of the TOKYO PRO-BOND Market.</p> <p>The Notes may also be listed, quoted and/or traded on or by such other or further stock exchange(s), (other than in respect of an admission to trading on any market in the EEA which has been designated as a regulated market of the purposes of the Prospectus Directive) as may be agreed between the relevant Issuer and the relevant Dealer in relation to each issue. Unlisted Notes may also be issued. The Final Terms relating to each Tranche of Notes will state whether or not and, if so, on which stock exchange(s), the Notes are to be listed.</p>
Governing Law.....	The Notes and the Guarantee (and any non-contractual obligations arising out of or in connection with the Notes and the Guarantee) will be governed by and construed in accordance with English law.
Selling Restrictions.....	There are specific selling restrictions in relation to the United States, the EEA (including the Netherlands and the United Kingdom), Hong Kong, the PRC and Japan. In connection with the offering and sale of a particular Tranche of Notes additional or alternative restrictions may be imposed which will be set out in the applicable Final Terms. See " <i>Subscription and Sale</i> " below.

FORM OF THE NOTES

Each Tranche of Notes will either be initially represented by a Temporary Global Note (without receipts, interest coupons or talons) or, if agreed between the relevant Issuer and the relevant Dealer or Dealers, be represented by a Permanent Global Note (together with the Temporary Global Note, the **Global Notes**) which, in either case, unless otherwise agreed between the relevant Issuer and the relevant Dealer or Dealers, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and/or Clearstream, Luxembourg will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Any reference in this section "*Form of the Notes*" to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the relevant Issuer, the relevant Dealer and the Agent. Whilst any Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owner of such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it/they has/have received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after the date on which a Temporary Global Note is issued, interests in the Temporary Global Note will be exchangeable (provided that, if it is a Partly Paid Note (as described below), all instalments of the subscription moneys due before the date of such exchange have been paid) (free of charge) as described therein either for interests in a Permanent Global Note (without receipts, interest coupons or talons) or for security printed definitive Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described above unless such certification has already been given as described above. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused. Pursuant to the Agency Agreement, the Agent shall arrange, unless otherwise instructed by the relevant Issuer, that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days after the completion of the distribution of the Notes of such Tranche. The end of such period (and the common code and ISIN thereafter applicable to the Notes of the relevant Series) will be notified by the Agent to the relevant Issuer and the relevant Dealer.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the relevant Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

If in respect of any Note any amount of principal and/or interest is to be settled by the delivery of an asset other than by the payment of cash, the relevant provisions dealing with such delivery will be set out in the applicable Final Terms.

A Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached, as specified in the applicable Final Terms, either (i) on not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, an **Exchange Event** means that (i) an Event of Default (as defined in Condition 12) has occurred and is continuing, (ii) the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor(s), have been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor(s), have or will become obliged to pay additional amounts as provided for or referred to in Condition 10 which would not be required were the Notes represented by the Permanent Global Note in definitive form. The relevant Issuer or, in the case of Guaranteed Notes, the Guarantor(s), will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer or the Guarantor(s), may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 60 days after the date of the first relevant notice received by the Agent.

Global Notes and definitive Notes will be issued pursuant to the Agency Agreement.

The following legend will appear on all Permanent Global Notes, definitive Notes, receipts, interest coupons and talons, unless otherwise agreed between the relevant Issuer and the relevant Dealer:

“ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 12. In such circumstances, where any Note is still represented by a Global Note and a holder of such Note so represented and credited to his securities account with Euroclear and/or Clearstream, Luxembourg, as the case may be, gives notice that it wishes to accelerate such Note, unless within a period of 15 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such Global Note, such Global Note will become void. At the same time, holders of interests in such Global Note credited to their account with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of the Deed of Covenant (as defined below).

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note and which will be endorsed upon (or, if permitted by the relevant stock exchange and agreed between the relevant Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Final Terms in relation to any Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions of the Notes, replace or modify the following Terms and Conditions of the Notes for the purpose of such Notes. The applicable Final Terms will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" below for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions of the Notes.

This Note is one of a series of Notes issued by Nomura Bank International plc (**NBI**) and Nomura Europe Finance N.V., a limited liability company with corporate seat in Amsterdam (**NEF** and, together with NBI, the **Issuers** and each an **Issuer**) pursuant to the Agency Agreement (as defined below). References herein to the **Notes** shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a Global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a Global Note and (iii) any Global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated 5 August 2013 (as amended, supplemented and/or restated from time to time, the **Agency Agreement**) and made among the Issuers, Nomura Holdings, Inc. (**NHI**), Nomura Securities Co., Ltd. (**NSC** and, together with NHI, the **Guarantors** and each a **Guarantor**), Citibank, N.A., London as issuing agent, principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent), the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), the calculation agent named therein (the **Calculation Agent**, which expression shall include any successor calculation agent as specified in the applicable Final Terms) and the settlement agent named therein (the **Settlement Agent**, which expression shall include any additional or successor settlement agent).

Notes may be issued with the benefit of a guarantee from either NHI or from both NHI and NSC on a joint and several basis pursuant to a deed of guarantee dated 16 September 2016 (as amended, supplemented and/or restated from time to time, the **Guarantee**) and executed by the Guarantors. Notes issued by NBI can also be not guaranteed. The applicable Final Terms will specify whether or not an issue of Notes is to be guaranteed.

Any Notes specified in the applicable Final Terms as guaranteed by either NHI or on a joint and several basis by both the Guarantors are referred to in these Conditions as **Guaranteed Notes** and, in relation thereto, references in these Conditions to the **Guarantor(s)** shall be construed to mean NHI (where the relevant Final Terms specify NHI as sole Guarantor in respect of the relevant Series of Notes), or the Guarantors (where the relevant Final Terms specify each of NHI and NSC as the Guarantors in respect of the relevant Series of Notes). The principal, interest and all other amounts payable or deliverable under Guaranteed Notes are unconditionally and irrevocably guaranteed by the Guarantor(s), pursuant to the terms of the Guarantee.

NEF shall only issue Guaranteed Notes which shall be guaranteed by either (i) NHI or (ii) NHI and NSC on a joint and several basis. Guaranteed Notes issued by NBI shall only be guaranteed by NHI.

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to **Noteholders** shall mean the holders of the Notes, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

The Final Terms applicable to this Note is attached hereto or incorporated herein and supplements these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note.

References herein to the **applicable Final Terms** are to the Final Terms attached hereto or incorporated herein.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective nominal amounts, Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of a deed of covenant dated 1 August 2014 (as amended, supplemented and/or restated from time to time, the **Deed of Covenant**) and executed by the Issuers. The original of the Deed of Covenant is held by a common depository on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and any other additional or alternative clearing system as specified in the applicable Final Terms and the original of the Guarantee is held by the Agent at its specified office for the time being.

Copies of the Agency Agreement, the Guarantee, the applicable Final Terms and the Deed of Covenant are available for inspection at the specified offices of each of the Agent and the other Paying Agents save that a Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Deed of Covenant, the Agency Agreement, the Guarantee (if applicable) and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of any inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

As used herein, euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. CNY, RMB and Renminbi each mean the currency of the PRC and PRC means the People's Republic of China which for the purpose of these Terms and Conditions, excludes the Hong Kong Special Administrative Region of the PRC, the Macao Special Administrative Region of the PRC and Taiwan.

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Dual Currency Redemption Note, a Foreign Exchange Linked Interest Note, a Dual Currency Interest Note, an Index Linked Redemption Note, an Index Linked Interest Note, a Zero Coupon Note, a Foreign Exchange Linked Redemption Note, an Equity Linked Redemption Note, an Equity Linked Interest Note, a Credit Linked Note, an Exchangeable Note or any Other Note, depending upon the interest or redemption/payment basis specified in the applicable Final Terms, and the appropriate provisions of these Conditions will apply accordingly.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes or Notes without any interest amounts payable thereunder in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The relevant Issuer, the Guarantor(s), (in the case of Guaranteed Notes), the Agent, any Paying Agent and the Settlement Agent may deem and treat the bearer of any Note, Receipt or Coupon 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, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV(**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by

Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes 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 by the relevant Issuer, the Guarantor(s), (in the case of Guaranteed Notes), any Paying Agent and the Settlement Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Guarantor(s), (in the case of Guaranteed Notes), any Paying Agent and the Settlement Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly). Notes which are represented by a Global Note held by a common depository or a common safekeeper for Euroclear or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the relevant Issuer and the Agent and specified in the applicable Final Terms.

2. Status of the Notes and the Guarantee

(a) Status of the Notes

The Notes and the relative Receipts and Coupons are direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(a), unsecured obligations of the relevant Issuer and shall at all times rank *pari passu* and without preference among themselves and (subject as aforesaid and save for such exceptions as may be provided by applicable legislation) at least equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer from time to time outstanding.

(b) Status of the Guarantee

In respect of Guaranteed Notes, the relevant Issuer's payment and/or delivery obligations in respect of such Guaranteed Notes are unconditionally and irrevocably guaranteed by NHI or on a joint and several basis by NHI and NSC under the Guarantee, as specified in the relevant Final Terms. NEF shall only issue Guaranteed Notes which shall be guaranteed by either (i) NHI or (ii) NHI and NSC on a joint and several basis. Guaranteed Notes issued by NBI shall only be guaranteed by NHI. The obligations of each Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3(b), unsecured obligations of such Guarantor, and shall (subject as aforesaid and save for obligations in respect of national and local taxes and certain other statutory exceptions) at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of such Guarantor.

3. Negative Pledge

(a) Issuers

The relevant Issuer undertakes that it will not, so long as any of the Notes remain Outstanding (as defined in the Agency Agreement), create or have outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any of its own Indebtedness or to secure its guarantee of or any indemnity in respect of any Indebtedness of any third party for the benefit of the existing or future holders thereof, without at the same time either securing the Notes at least equally and rateably with such Indebtedness or, as the case may be, such guarantee or indemnity or according to the Notes such other security or guarantee as shall have been approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders for the time being. As used in this paragraph, **Indebtedness** means any indebtedness represented by securities which have a maturity of greater than one year and are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market in the jurisdiction of incorporation of the relevant Issuer (the **Issuer's Jurisdiction**), or elsewhere.

(b) Guarantors

Each Guarantor undertakes that so long as any of the Guaranteed Notes guaranteed by it remain Outstanding, it will not create or permit to be outstanding any mortgage, charge, pledge or other

security interest upon the whole or any part of its property, assets or revenues, present or future, to secure for the benefit of the holders of any securities (i) payment of any sum due in respect of any securities or (ii) any payment under any guarantee of securities or (iii) any payment under any indemnity or other like obligation relating to securities, in any such case in which:

- (i) either such securities are by their terms payable, or confer a right to receive payment, in any currency other than the currency of the jurisdiction of incorporation of the Guarantors (the **Guarantors' Currency**) which, in respect of NHI and NSC, is Yen, or such securities are denominated in the Guarantors' Currency and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside the jurisdiction of incorporation of the Guarantors (the **Guarantors' Jurisdiction**) which, in respect of NHI and NSC, is Japan, by or with the authorisation of the Guarantor(s) or (if not the Guarantor(s)) the relevant Issuer; and
- (ii) such securities are for the time being, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market outside the relevant Guarantors' Jurisdiction,

without in any such case at the same time according to the Guarantee either the same security as is granted to or is outstanding in respect of such securities, guarantee, indemnity or other like obligation or such other security or guarantee as shall be approved by an Extraordinary Resolution of the Noteholders.

As used in this paragraph, **securities** means bonds, debentures, notes or other similar investment securities of any Issuer or either Guarantor, or any other person with a stated maturity of more than one year from the creation thereof.

4. Redenomination

(a) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the relevant Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 16, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the relevant Issuer determines, with the agreement of the Agent, that the then market practise in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practise and the relevant Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the relevant Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Agent may approve) euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on

which the relevant Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the relevant Issuer. New euro denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal of or interest on the Notes;

- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and
- (vii) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest.

(b) Definitions

In the Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the relevant Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the start of the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

Treaty means the Treaty on the Functioning of the European Union, as amended.

5. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except where a Fixed Coupon Amount or a Broken Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

Fixed Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) Interest on Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note, Index Linked Interest Note and Foreign Exchange Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, **Business Day** means a day which is both:

- (A) 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 each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, 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 of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney, and if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) or any successor thereto is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) 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 Hong Kong and Beijing.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes, Index Linked Interest Notes and Foreign Exchange Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate**, **calculation agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded, if necessary, to the sixth decimal place, with 0.0000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. Unless otherwise specified in the relevant Final Terms, the Minimum Interest Rate shall be deemed to be zero.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. Unless otherwise specified, the Rate of Interest shall be rounded to six decimal places, with 0.0000005 being rounded up. The Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (being, in the case of amount payable in euro or U.S. dollars, cents, in the case of amount payable in pounds sterling, pence and, in the case of amount payable in Japanese Yen, yen), half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, an Index Linked Interest Note or a Foreign Exchange Linked Interest Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5(b):

- (A) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (F) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (G) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D₂ will be 30.

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer, the Guarantor(s) (in the case of Guaranteed Notes) and any stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes are for the time being listed, quoted and/or traded and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange, competent listing authority and/or quotation system (if required) on which the relevant Floating Rate Notes, Index Linked Interest Notes or Foreign Exchange Linked Interest Notes are for the time being listed, quoted and/or traded and to the Noteholders in accordance with Condition 16. For the purposes of this paragraph, the expression **London Business Day** means 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 London.

(vi) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Guarantor(s) (in the case of Guaranteed Notes), the Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, the Guarantor(s) (in the case of Guaranteed Notes), the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Interest Notes, Equity Linked Interest Notes, Credit Linked Notes and Other Notes

Any rate of interest payable in respect of Dual Currency Interest Notes, Equity Linked Interest Notes, Credit Linked Notes and Other Notes shall be determined in the manner specified in the applicable Final Terms. Except as provided in the applicable Final Terms, the amount of interest payable should be rounded to the nearest sub-unit of the relevant Specified Currency (being, in the case of amounts payable in euros or U.S. dollars, cents, in the case of amounts payable in pounds sterling, pence and, in the case of amounts payable in Japanese Yen, yen), half of any such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) Accrual of Interest

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused or delivery of any asset in respect thereof is improperly withheld or refused. In such event, interest will continue to accrue until the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid and/or all assets in respect of such Note have been delivered; and
- (2) five days after the date on which the full amount of the monies payable in respect of such Note has been received by the Agent and/or all assets in respect of such Note have been received by the Settlement Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16 or individually.

6. Provisions related to Index Linked Notes where the Index is the Nikkei Stock Average

If the Index is specified as the Nikkei Stock Average in the applicable Final Terms, paragraphs (a), (b) and (c) below shall apply, unless otherwise specified, in relation to any amount or rate the value of which is based upon the level of the Nikkei Stock Average.

(a) Adjustment to Index

(i) Successor Index

If the Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then in each case that index (the **Successor Index**) will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of the Index

If (i) on or prior to any Valuation Date or any Scheduled Trading Day during the Reference Period, as the case may be, the Index Sponsor announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stocks and capitalisation and other routine events) (an **Index Modification**) or (ii) on any Valuation Date or any Scheduled Trading Day during the Reference Period, as the case may be, the Index Sponsor fails to calculate and announce the level of the Index, then the Calculation Agent in its sole discretion shall (or, with respect to an Index Modification on the relevant Scheduled Trading Day during the Reference Period (other than the Valuation Date), may) determine the level of the Index in accordance with the formula for and method of calculation of the Index last in effect prior to that change or failure, but using only those securities that comprised the Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the Exchange).

(iii) Cancellation of the Index

If on or prior to any Valuation Date or any Scheduled Trading Day during the Reference Period, as the case may be, the Index Sponsor permanently cancels the Index and no Successor Index exists, then the relevant Issuer in its sole discretion may take the action described in (A) or (B) below:

(A) to require the Calculation Agent in its sole discretion to determine the level of the Index in accordance with the formula for and method of calculation of the Index last in effect prior to that cancellation, but using only those securities that comprised the Index immediately prior to that cancellation (other than those securities that have since ceased to be listed on the Exchange); or

(B) to redeem the Notes by giving notice to the Noteholders in accordance with Condition 16. If the Notes are so redeemed, the relevant Issuer will pay to each Noteholder the Early Redemption Amount on the date notified to the Noteholders in accordance with Condition 16. The Early Redemption Amount in respect of each nominal amount of the Notes equal to the Specified Denomination shall be an amount in the Specified Currency calculated by the Calculation Agent in its sole discretion that, on the date three Business Days prior to the due date for redemption, is equal to the fair economic value of such nominal amount of the Notes, less the cost to the relevant Issuer of unwinding any underlying related hedging arrangements. **Business Day** for the purposes of this Condition 6(a)(iii) only means a day on which commercial banks and foreign exchange markets settle payments and are open for general

business (including dealings in foreign exchange and foreign currency deposits) in London, Luxembourg and Tokyo.

(iv) Correction of the Index

If the level of the Index published by the Index Sponsor and which is utilised for any calculation or determination made for the Notes is subsequently corrected and the correction which leads to the correction of the amount and/or the rate previously determined with reference to the level of the Index is published by the Index Sponsor within one (1) Exchange Business Day of the original publication, but under no circumstances later than the relevant payment date, then the Calculation Agent will promptly notify the relevant Issuer and the Agent of (i) that correction, (ii) the amount that is payable or deliverable as a result of that correction, as calculated by the Calculation Agent and (iii) to the extent necessary, the adjustment to the terms of the Notes to account for such correction, as soon as possible after the publication of such correction.

(b) Disclaimer

The Nikkei Stock Average (the **Index**) is an intellectual property of Nikkei Inc. "Nikkei", "Nikkei Stock Average" and "Nikkei 225" are the service marks of Nikkei Inc. Nikkei Inc. reserves all the rights, including copyright, to the Index.

The Notes are not in any way sponsored, endorsed or promoted by Nikkei Inc. Nikkei Inc. does not make any warranty or representation whatsoever, express or implied, either as to the results to be obtained as to the use of the Index or the figure at which the Index stands at any particular day or otherwise. The Index is compiled and calculated solely by Nikkei Inc. However, Nikkei Inc. shall not be liable to any person for any error in the Index and Nikkei Inc. shall not be under any obligation to advise any person, including a purchaser or vendor of the Notes, of any error therein.

In addition, Nikkei Inc. gives no assurance regarding any modification or change in any methodology used in calculating the Index and is under no obligation to continue the calculation, publication and dissemination of the Index.

(c) Interpretation and Definitions

In these Conditions, the following terms shall have the meanings given or referred to below. Other terms used in these Conditions may be defined in the applicable Final Terms. In the case of inconsistency between these Conditions and the applicable Final Terms, the applicable Final Terms shall prevail.

Disrupted Day means any Scheduled Trading Day on which the Exchange or the Related Exchange fails to open for trading during its regular trading session (which, in the case of the Related Exchange, the Calculation Agent determines is material) or on which a Market Disruption Event has occurred. The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the relevant Issuer and the Agent of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date.

Early Closure means the closure on any Exchange Business Day of the Exchange or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by the Exchange or the Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on the Exchange or the Related Exchange on such Exchange Business Day and (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

Exchange means Tokyo Stock Exchange, Inc., which expression shall include any successor as the Exchange.

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

Exchange Disruption means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect

transactions in, or obtain market values for, securities that comprise 20 per cent. or more of the level of the Index on the Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the Index on the Related Exchange.

Index means the Nikkei Stock Average, an index of 225 selected stocks listed on the first section of the Exchange, which is currently calculated and sponsored by Nikkei Inc. (the **Index Sponsor**, which term shall include any agents or other persons acting on behalf of such person) subject to (a) above.

Market Disruption Event means, in respect of the Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time, or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of the Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

Reference Period means the period specified in the applicable Final Terms. If any Scheduled Trading Day during the Reference Period (other than the Valuation Date) is a Disrupted Day, then the Calculation Agent may (but is not required to), subject to (a) above, determine the level of the Index at such time on that Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the Disrupted Day using the price on the Exchange (or if trading in a relevant security has been materially limited or suspended, its good faith estimate of the price that would have prevailed on the Exchange but for that suspension or limitation) as of any relevant time on that Scheduled Trading Day of each security comprising the Index.

Related Exchange means Osaka Exchange, Inc., which expression shall include any successor as the Related Exchange.

Scheduled Closing Time means, in respect of the Exchange or the Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of the Exchange or the 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 any day on which both the Exchange and the Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

Trading Disruption means any suspension of or limitation imposed on trading by the Exchange or the Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or the Related Exchange or otherwise (A) on the Exchange relating to securities that comprise 20 per cent. or more of the level of the Index or (B) in futures or options contracts relating to the Index on the Related Exchange.

Valuation Date means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the first succeeding day which is a Scheduled Trading Day. If any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless the Calculation Agent determines that each of the eight Scheduled Trading Days immediately following the original date that, but for an event causing a Disrupted Day, would have been the Valuation Date, is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the Index as of the Valuation Time (or any other time specified in the applicable Final Terms) on that eighth Scheduled Trading Day in accordance with (subject to (a) above) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time (or any other time specified in the applicable Final Terms) on that eighth Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time (or any other time specified in the applicable Final Terms) on that eighth Scheduled Trading Day).

Valuation Time means the Scheduled Closing Time on the Exchange. If the Exchange closes prior to its Scheduled Closing Time, the Valuation Time shall be the actual closing time for its regular trading session.

7. Provisions Related to Foreign Exchange Linked Notes

Unless otherwise specified, paragraphs (a) and (b) below shall apply to all Foreign Exchange Linked Notes.

(a) Provisions related to Foreign Exchange Linked Notes

If the foreign exchange rate is to be determined on the basis of an FX Page, such rate shall be the Spot Exchange Rate of the Currency Pair, expressed as a number of the First Currency per Specified Unit of the Second Currency, that appears on the FX Page as of the FX Rate Determination Time on the relevant FX Rate Determination Date. If such rate does not appear on the FX Page or such FX Page is not available at the relevant time, the foreign exchange rate shall be the Spot Exchange Rate of the Currency Pair, expressed as a number of the First Currency per Specified Unit of the Second Currency, that appears on the Fallback FX Page as of the FX Rate Determination Time on the relevant FX Rate Determination Date. If such rate does not appear on the Fallback FX Page or such Fallback FX Page is not available at the relevant time, the relevant Spot Exchange Rate of the Currency Pair shall be determined by the Calculation Agent in its discretion acting in good faith, having taken into account relevant market practise.

(b) Interpretation and Definitions

In these Conditions, the following terms shall have the meanings given or referred to below. Other terms used in these Conditions may be defined in the applicable Final Terms. In the case of inconsistency between these Conditions and the applicable Final Terms relating to the Notes, the applicable Final Terms shall prevail.

Fallback FX Page means such page or other part of a particular information service as may be specified as such in the applicable Final Terms, or such other page or other part as may replace it on that information service or on another information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to such rate.

FX Page means such page or other part of a particular information service as may be specified as such in the applicable Final Terms, or such other page or other part as may replace it on that information service or on another information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to such rate.

8. Payments and Deliveries

(a) Method of Payment

Subject as provided below:

- (i) payments in respect of definitive Notes in a Specified Currency other than euro will be made at the option of the bearer either by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney and, if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland); and
- (ii) payments in respect of definitive Notes in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

(b) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender of definitive Notes,

and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under paragraph (a) above made, at the option of the bearer of the Note or Coupon, by cheque shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, such payments made by credit or transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States. Subject as provided below, no payment in respect of any definitive Note or Coupon will be made upon presentation and surrender of such definitive Note or Coupon at any office or agency of the relevant Issuer or any Paying Agent in the United States, nor will any such payment be made by transfer to an account, or by mail to an address, in the United States.

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant definitive Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains, against which the amount payable in respect of the relevant instalment will be paid. Unmatured Receipts and Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the relevant Issuer. Upon the date on which any definitive Note becomes due and repayable, unmaturing Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Equity Linked Notes, Index Linked Notes, Credit Linked Notes, Foreign Exchange Linked Notes or Other Notes) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against presentation and surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 10) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Equity Linked Note, Index Linked Note, Credit Linked Note, Foreign Exchange Linked Notes or Other Note in definitive form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender of the relevant definitive Note.

(c) Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note against, where applicable, presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States, subject as provided below. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by such Paying Agent or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

(d) General Provisions applicable to Payments

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the **Code**) or pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or (without prejudice to the provisions of Condition 10) any law implementing an intergovernmental approach thereto.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the relevant Issuer or the Guarantor(s), (in the case of Guaranteed Notes) to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the relevant Issuer or the Guarantor(s), (in the case of Guaranteed Notes) in respect of any payments due in respect of that Global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and/or interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia; its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment in U.S. dollars of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), adverse tax consequences to the relevant Issuer or the Guarantor(s) (in the case of Guaranteed Notes).

(e) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon 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 such delay. For these purposes, **Payment Day** means any day which is both:

- (i) 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:
 - (A) in the case of definitive Notes only, the relevant place of presentation; and
 - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, 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 of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney and, if the Specified Currency is New Zealand dollars, shall be Wellington and Auckland) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System (or any successor thereto) is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) 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 Hong Kong and Beijing.

(f) Interpretation of Principal and Interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 10;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts (other than interest) which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10.

(g) RMB Currency Event

If “RMB Currency Event” is specified in the applicable Final Terms and a RMB Currency Event, as determined by the Issuer (or the Guarantor, as the case may be) acting in good faith, exists on a date for payment of any amount in respect of any Note, Receipt or Coupon, the Issuer’s obligation to make a payment in RMB under the terms of the Notes (or, as the case may be, the Guarantor’s obligations to make a payment in RMB under the Guarantee) may be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant Determination Date.

Upon the occurrence of a RMB Currency Event, the Issuer or the Guarantor, as applicable, shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition 8(g) and unless stated otherwise in the applicable Final Terms:

Determination Business Day means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, Beijing, London, Tokyo and New York City;

Determination Date means the day which is two Determination Business Days before the due date of the relevant payment under the Notes;

Governmental Authority means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the People’s Republic of China and Hong Kong;

Relevant Currency means U.S. dollars or such other currency as may be specified in the applicable Final Terms;

RMB Currency Events means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

RMB Illiquidity means the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer (or the Guarantor, as the case may be) cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer (or the Guarantor, as the case may be) in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

RMB Inconvertibility means the occurrence of any event that makes it impossible for the Issuer (or the Guarantor, as the case may be) to convert any amount due in respect of the Notes into RMB on any payment date at the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer (or the Guarantor, as the case may be) to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer (or the Guarantor, as the case may be), due to an event beyond its control, to comply with such law, rule or regulation);

RMB Non-Transferability means the occurrence of any event that makes it impossible for the Issuer (or the Guarantor, as the case may be) to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer (or the Guarantor, as the case may be) to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer (or the Guarantor, as the case may be), due to an event beyond its control, to comply with such law, rule or regulation); and

Spot Rate means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days' time, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S. dollar exchange rate in the PRC domestic foreign exchange market.

(h) RMB account

All payments in respect of any Note, Receipt or Coupon in RMB will be made solely by credit to a RMB account maintained by the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong).

(i) Deliveries

If, in respect of any Note, any amount of principal and/or interest is to be settled by the delivery of an asset other than by the payment of cash, the relevant provisions dealing with such delivery will be set out in the applicable Final Terms.

9. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the relevant Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes, Equity Linked Interest Notes, Index Linked Interest Notes, Foreign Exchange Linked Interest Notes and Dual Currency Interest Notes) or (unless otherwise specified in the applicable Final Terms) on any Interest Payment Date (in the case of Floating Rate Notes, Equity Linked Interest Notes, Index Linked Interest Notes, Foreign Exchange Linked Interest Notes and Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the relevant Issuer (or, if payment under the Guarantee were required to be made, the Guarantor(s)) has or will become obliged either to pay additional amounts as provided or referred to in Condition 10 or to account to any taxing authority in the relevant Issuer's Jurisdiction or, as the case may be, the Guarantors' Jurisdiction for any amount (other than tax withheld or deducted from interest payable on such Notes) in respect of such payment in each case as a result of any change in, or amendment to, the laws or regulations of the relevant Issuer's Jurisdiction or, as the case may be, the Guarantors' Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the relevant Issuer (or the Guarantor(s)) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days (or such lesser period as specified in the applicable Final Terms) prior to the earliest date on which the relevant Issuer (or the Guarantor(s)) would be obliged to pay such additional amounts or make a payment in respect of which it would be obliged to account to any taxing authority as aforesaid were a payment in respect of the Notes (or the Guarantee, as the case may be) then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by one managing director of the relevant Issuer (or a Representative Executive Officer of the Guarantor(s)) stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer (or the Guarantor(s)) has or will become obliged to pay such additional amounts or to account to any taxing authority as aforesaid as a result of such change or amendment.

Each Note redeemed pursuant to this Condition 9(b) will be redeemed at its Early Redemption Amount referred to in paragraph (f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the relevant Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice (or such other period of notice as specified in the applicable Final Terms) to the Noteholders in accordance with Condition 16; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) (or such other period of notice as may be agreed between the relevant Issuer and the Agent), notice to the Agent;

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than any Minimum Redemption Amount and not more than any Maximum Redemption Amount indicated in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (the **Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes and in accordance with the rules of Euroclear and/or

Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 16 at least five days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the relevant Issuer in accordance with Condition 16 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the relevant Issuer will, upon the expiry of such notice, redeem (subject to, and in accordance with, the terms specified in the applicable Final Terms) in whole (but not in part) such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. The exercise of an Investor Put may be subject to the satisfaction of certain conditions and/or circumstances. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary, or common safekeeper, as the case may be, or common service provider for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given by a holder of any Note pursuant to this paragraph (d) shall be irrevocable except where prior to the due date of redemption an Event of Default (as defined in Condition 12) shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the relevant Issuer to withdraw the notice given pursuant to this paragraph (d) and instead to declare such Note forthwith due and payable pursuant to Condition 12.

(e) Redemption upon a Regulatory Event

The Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, any time, on giving not less than 30 nor more than 60 days' notice (or such other period of notice as set out in the applicable Final Terms) to Noteholders in accordance with Condition 16 (which notice shall be irrevocable), in the event that a change in applicable law or regulation occurs that results, or will result, solely by reason of the Notes being outstanding, in the relevant Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the relevant Issuer to be materially onerous to it.

Each Note redeemed pursuant to this Condition 9(e) will be redeemed at its Early Redemption Amount referred to in paragraph (f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(f) Early Redemption Amounts

For the purpose of paragraphs (b) and (e) above and Condition 12, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note (other than an Equity Linked Redemption Note or Index Linked Redemption Note) with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Equity Linked Redemption Note, Index Linked Redemption Note, Credit Linked Note, Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less than or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or on such other calculation basis as may be specified in the applicable Final Terms.

(g) Instalment Notes

Instalment Notes (as defined in the applicable Final Terms) will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (f) above.

(h) Partly Paid Notes

Partly Paid Notes (as defined in the applicable Final Terms) will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(i) Purchases

The relevant Issuer, the Guarantor(s) or any Subsidiary may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer, surrendered to any Paying Agent for cancellation.

Subsidiary for the purposes of this Condition 9(i) means any company which is a subsidiary (as defined in Section 736 of the Companies Act 1985) of the relevant Issuer or the Guarantor(s).

(j) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (i) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note.

(k) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 12 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholder either in accordance with Condition 16 or individually.

(l) Equity Linked Redemption Notes

Provisions relating to the terms of any Equity Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Final Terms.

(m) Credit Linked Notes

If the Final Terms specifies that the Notes are Credit Linked Notes, the amount of principal and interest payable by the relevant Issuer in respect of such Notes, and the date of redemption of the Notes, is dependent on whether one or more credit events in respect of one or more reference entities, as specified in the applicable Final Terms, has occurred. The specific provisions relating to the terms of any Credit Linked Notes, including the redemption thereof, will be set out in the applicable Final Terms.

(n) Index Linked Redemption Notes

Provision relating to the terms of any Index Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Final Terms.

(o) Foreign Exchange Linked Redemption Notes

Provision relating to the terms of any Foreign Exchange Linked Redemption Notes, including the redemption thereof, will be set out in the applicable Final Terms.

(p) Exchangeable Notes

In the case of Exchangeable Notes which are redeemable by delivery to the Settlement Agent of shares or other securities or a combination of such shares or securities and cash, on such terms as are specified in the applicable Final Terms, any relevant amendments to the Conditions will be set out in the applicable Final Terms.

10. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the relevant Issuer or, in the case of Guaranteed Notes, under the Guarantee by the Guarantor(s), shall be made free and clear of, and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the relevant Issuer's Jurisdiction (in the case of the Issuers) or the Guarantors' Jurisdiction (in the case of the Guarantors) or, in either case, any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer, or as the case may be, the Guarantor(s), will (save as may be provided in the applicable Final Terms) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) (x) in the case of payments made by the relevant Issuer, the holder of which is liable for such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the relevant Issuer's Jurisdiction or (y) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder, in the case of payments made by the Guarantor(s), under the Guarantee, (a) who is, for tax purposes in the Guarantors' Jurisdiction, treated as a resident of the Guarantor's Jurisdiction or as a corporation incorporated in the Guarantors' Jurisdiction or (b) who is otherwise subject to such taxes, duties, assessment or governmental charges by reason of being connected with the Guarantors' Jurisdiction, in each case, other than a connection by the mere holding of such Note, Receipt or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (iii) presented for payment in the relevant Issuer's Jurisdiction or in the Guarantors' Jurisdiction.

As used herein, the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16.

11. Prescription

The Notes, Receipts and Coupons (if any) will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of payments of principal and/or delivery of any asset) and five years (in the case of interest) after the Relevant Date therefor.

There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8(b) or any Talon which would be void pursuant to Condition 8(b).

12. Events of Default and Enforcement relating to Notes

If any one or more of the following events (each an **Event of Default**) shall have occurred and be continuing namely:

- (i) default for seven days in payment when due of amounts payable in respect of principal of any of the Notes or in the delivery of any securities due in respect of any of the Notes; or
- (ii) default for 14 days in payment of interest due on any of the Notes; or
- (iii) failure by the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) to observe or perform any other covenant or agreement of the relevant Issuer or such relevant Guarantor (in the case of Guaranteed Notes), as the case may be, in the Notes or the Guarantee (if applicable) or any covenant or agreement for the benefit of the Noteholders in the Agency Agreement continuing, in each case for 30 days after written notice shall have been given to the relevant Issuer and such relevant Guarantor (either directly or through the Agent) by any Noteholder requesting the Issuer or such relevant Guarantor, as the case may be, to remedy such default; or
- (iv) any indebtedness for borrowed money other than the Notes having an aggregate outstanding principal amount of at least U.S.\$10,000,000 (or its equivalent in any other currency or currencies) of the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) becomes prematurely repayable following a default, or the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) defaults in the repayment of any such indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor (or in the case of such indebtedness due on demand, defaults in the payment of such indebtedness at the expiration of three business days after demand therefor or, if longer, any applicable grace period therefor) or any guarantee of or indemnity in respect of any indebtedness for borrowed money of others having a principal amount or aggregate principal amount for the time being outstanding of at least U.S.\$10,000,000 (or its equivalent in any other currency or currencies) given by the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) shall not be honoured when due and called upon at the expiration of any applicable grace period; or

- (v) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) bankrupt or insolvent or approving as properly filed a petition seeking reorganisation of the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) under any applicable bankruptcy, insolvency or reorganisation law of the relevant Issuer's Jurisdiction or the Guarantors' Jurisdiction (if applicable) and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) or of all or substantially all of the property of the relevant Issuer or such Guarantor (in the case of Guaranteed Notes) or for the winding-up or liquidation of the affairs of the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) shall have been entered under any applicable bankruptcy, insolvency or reorganisation law of the relevant Issuer's Jurisdiction or the Guarantors' Jurisdiction (if applicable) and such decree or order shall have continued undischarged and unstayed for a period of 60 days; or
- (vi) the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) shall institute proceedings to be adjudicated a voluntary bankrupt or shall consent to the filing of a bankruptcy proceeding against it or shall file a petition or answer or consent seeking moratorium of payments (in respect of the relevant Issuer only), reorganisation or arrangement under the applicable bankruptcy or reorganisation law of the relevant Issuer's Jurisdiction or the Guarantors' Jurisdiction (if applicable), or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of all or substantially all of its property, or shall make an assignment for the benefit of its creditors or shall make any composition with its creditors or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) in furtherance of any of the aforesaid purposes; or
- (vii) the relevant Issuer or any relevant Guarantor (in the case of Guaranteed Notes) shall cease to carry on the whole or substantially the whole of its business or shall dispose of the whole or substantially the whole of its assets, in each case except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms whereof have been approved by an Extraordinary Resolution of the Noteholders or except for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction under which the continuing entity effectively assumes the entire obligations of the relevant Issuer or such Guarantor (in the case of Guaranteed Notes) under the Notes or the Guarantee, respectively, as applicable; provided, however, that in the case of any relevant Guarantor, this paragraph shall not be applicable in the event of a reorganisation of such Guarantor as or under a holding company resulting in the cessation of the whole or substantially the whole of such Guarantor's business or the disposal of the whole or substantially the whole of its assets; or
- (viii) in respect of Guaranteed Notes only, for any reason whatsoever the Guarantee (including any Guarantee to be executed by a successor Guarantor resulting from a reorganisation referred to in paragraph (vii) above) is not (or is claimed by such Guarantor not to be) in full force and effect,

then any Noteholder may, by written notice to the relevant Issuer and, in the case of Guaranteed Notes, the relevant Guarantor(s) (with a copy to the Agent for information purposes only), declare such Note held by the holder to be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount as described in Condition 9(f), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind, unless such Event of Default shall be cured prior to receipt of such written notice by the relevant Issuer and, in the case of Guaranteed Notes, the relevant Guarantor(s).

For the purpose of paragraph (iv) above, any indebtedness for borrowed money which is in a currency other than U.S. dollars shall be translated at the "spot" rate for the sale of the relevant currency against the purchase of U.S. dollars in London as quoted by a leading bank selected by the Agent for this purpose on the day in London on which such premature repayment becomes due or, as the case may be, such default occurs (or, if for any reason such a rate is not available on that day, on the earliest possible date thereafter).

13. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent, upon payment by the claimant of such costs and expenses as

may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. Agent, Paying Agents, Calculation Agent and Settlement Agent

The names of the initial Agent, the other initial Paying Agents, the initial Calculation Agent and, if applicable, the initial Settlement Agent and their initial specified offices are set out below.

The relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), is/are entitled to vary or terminate the appointment of any Paying Agent and/or the Calculation Agent and/or the Settlement Agent and/or appoint additional or other Paying Agents, Calculation Agents or Settlement Agents and/or approve any change in the specified office through which any Paying Agent, Calculation Agent or Settlement Agent acts, provided that:

- (i) so long as the Notes are listed, quoted and/or traded on any stock exchange, competent listing authority and/or quotation system, there will at all times be a Paying Agent (which may be the 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;
- (ii) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the relevant Issuer is incorporated;
- (iii) there will at all times be a Calculation Agent in respect of any Notes for which a Calculation Agent has been appointed; and
- (iv) there will at all times be an Agent and, in the case of any Exchangeable Note, Equity Linked Note or Other Note, a Settlement Agent (if required).

In addition, the relevant Issuer and the Guarantor(s) (in the case of Guaranteed Notes) shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 8(d).

Any variation, termination, appointment or change shall only take effect (other than (i) in the case of insolvency or (ii) from the effective date of withholding on "passthru payments", where the Paying Agent is a "foreign financial institution" as such term is defined pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto and does not become, or ceases to be, a "participating foreign financial institution" or otherwise exempt from withholding on "passthru payments" as from the effective date of withholding on "passthru payments" (as such terms are defined pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto), when in either case it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 16.

In acting under the Agency Agreement, the Agent, the other Paying Agents, the Calculation Agent and the Settlement Agent will act solely as agents of the relevant Issuer and, in the case of Guaranteed Notes only, the Guarantor(s), and will not assume any obligations or relationships of agency or trust to or with the Noteholders, the Receiptholders and the Couponholders, except that (without affecting the obligations of the relevant Issuer or, as the case may be, any Guarantor to the Noteholders, the Receiptholders and the Couponholders to repay the Notes and to pay interest thereon) funds received by the Agent and the other Paying Agents for the payment of any sums due in respect of the Notes shall be held by them on behalf of the Noteholders, the Receiptholders and the Couponholders until the expiry of the relevant period of prescription under Condition 11. The Agency Agreement contains provisions for the indemnification of the Agent, the Paying Agents, the Calculation Agent and the Settlement Agent and for their relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the relevant Issuer and any Guarantor without being liable to account to the Noteholders, the Receiptholders or the Couponholders 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.

15. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

16. Notices

All notices regarding the Notes shall be valid if published (i) in a leading English language daily newspaper of general circulation in London and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, in a daily newspaper of general circulation in Luxembourg or on the Luxembourg Stock Exchange's website (www.bourse.lu). It is expected that such publication will be made in the *Financial Times* in London and on the Luxembourg Stock Exchange's website in Luxembourg. The relevant Issuer shall also ensure that notices are duly published in a manner which complies 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 Notes are for the time being listed, quoted and/or traded. Any such notice will be deemed to have been given on the date of publication or, if published more than once or if required to be published in more than one newspaper, on the date of the first publication in all the required newspapers.

Until such time as any definitive Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes provided that, if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, publication is made in Luxembourg as required by the preceding paragraph. Any such notice shall be deemed to have been given to the Noteholders on the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

There may, so long as the Global Note(s) is or are held in its or their entirety by Nomura Bank (Luxembourg) S.A. (NBL), be substituted for such publication in London in such newspaper the delivery of the relevant notice to NBL for communication by it to the holders of the Notes provided that, if and for so long as the Notes are listed on the Luxembourg Stock Exchange, publication is made in Luxembourg as required above. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which the said notice was given to NBL.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent or, where the Notes are deposited with NBL, with NBL. Whilst any of the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, or, where the Notes are deposited with NBL, NBL, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg or NBL, as the case may be, may approve for this purpose.

17. Meetings of Noteholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the relevant Issuer, the relevant Guarantor(s), as the case may be, (in the case of Guaranteed Notes) or by Noteholders holding not less than 10 per cent. in nominal amount of the Notes of any Series for the time being remaining outstanding. 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 of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering any provisions relating to the delivery of any asset (if applicable) on redemption of an

Exchangeable Note, Equity Linked Redemption Note or altering the currency of payment of the Notes, Receipts or Coupons) 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 of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent, the relevant Issuer and the Guarantor(s), (in the case of Guaranteed Notes) may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant and/or the Guarantee (in the case of Guaranteed Notes) which is not (in the opinion of the relevant Issuer and Guarantor(s), in the case of Guaranteed Notes) materially prejudicial to the interests of the Noteholders (without considering the individual circumstances of any holders of the Notes or the tax or other consequences of such adjustment in any particular jurisdiction; or
- (ii) any modification of the Notes, the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant and/or the Guarantee which (in the opinion of the relevant Issuer and Guarantor(s), in the case of Guaranteed Notes) is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of any applicable laws.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

18. Further Issues

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

19. 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 this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. Substitution

(I) Substitution of the Issuer

(a) Conditions precedent to Substitution of the Issuer

The relevant Issuer may, without the consent of the Noteholders, be replaced and substituted by the Substituted Debtor (as defined below) in respect of the Notes provided that:

- (i) a deed poll (the **Deed Poll**) in or substantially in the form set out in Schedule 5 to the Agency Agreement and such other documents (if any) shall be executed by the Substituted Debtor and the Guarantor(s) (in the case of Guaranteed Notes) as may be necessary to give full effect to the substitution (together with the Deed Poll, the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by these Conditions (as amended in the manner provided in paragraph (b) below) and the provisions of the Agency Agreement and the Deed of Covenant as fully as if the Substituted Debtor had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the relevant Issuer (or any previous Substituted Debtor) and pursuant to which the Guarantor(s) (in the case of Guaranteed Notes) shall unconditionally and irrevocably guarantee in favour of each Noteholder the payment of all sums payable by and/or delivery obligations in respect of such Guaranteed Notes of the Substituted Debtor as such principal debtor;

- (ii) the Documents shall contain a warranty and representation by:
 - (I) the Substituted Debtor:
 - (A) that it has obtained all necessary corporate, governmental and regulatory approvals and consents for such substitution and for the performance by it of its obligations under the Documents and that all such approvals and consents are in full force and effect; and
 - (B) that the obligations assumed by it under the Documents are all legal, valid and binding in accordance with their respective terms; and
 - (II) the Guarantor(s) (in respect of Notes guaranteed by it/them and the guarantee given by it/them pursuant to the Deed Poll):
 - (A) that the Guarantor(s) has/have obtained all necessary corporate, governmental and regulatory approvals and consents for the giving of such guarantee and the performance by the Guarantor(s) of its/their obligations under the Documents and that all such approvals and consents are in full force and effect; and
 - (B) that the obligations assumed by the Guarantor(s) under the Documents and the guarantee are all legal, valid and binding in accordance with their respective terms;
- (iii) each (if any) stock exchange, competent listing authority and/or quotation system which has the Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes would continue to be listed, quoted and/or traded on such stock exchange, competent listing authority and/or quotation system;
- (iv) the relevant Issuer and the Substituted Debtor, as the case may be, shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of English lawyers acting for the relevant Issuer, to the effect that the Documents constitute legal, valid and binding obligations of the relevant Issuer and the Substituted Debtor under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent;
- (v) the relevant Issuer shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of lawyers from the relevant Issuer's Jurisdiction acting for the relevant Issuer, to the effect that the relevant Issuer has the capacity and authority to enter into the Documents under the laws of the relevant Issuer's Jurisdiction and, where the relevant Issuer's Jurisdiction is other than England, that the Documents constitute legal, valid and binding obligations of the relevant Issuer under such laws, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent;
- (vi) the Substituted Debtor shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of lawyers from the jurisdiction of the Substituted Debtor (the **Substituted Debtor's Jurisdiction**) acting for the Substituted Debtor, to the effect that the Substituted Debtor has the capacity and authority to enter into the Documents under the laws of the Substituted Debtor's Jurisdiction and, where the Substituted Debtor's Jurisdiction is other than England, that the Documents constitute legal, valid and binding obligations of the relevant Substituted Debtor under such laws, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent;
- (vii) in the case of Guaranteed Notes, the Guarantor(s) shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of English lawyers acting for the Guarantor(s), to the effect that the Documents (including the guarantee given by the Guarantor(s) in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the Guarantor(s), under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent;

(viii) in the case of Guaranteed Notes, the Guarantor(s) shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of a legal opinion addressed to the Dealers from a leading firm of lawyers from the Guarantors' Jurisdiction acting for the Guarantor(s), to the effect that the Guarantor(s) has/have the capacity and authority to enter into the Documents (including the guarantee given by the Guarantor(s), in respect of the Substituted Debtor) under the laws of the Guarantors' Jurisdiction and, where the Guarantors' Jurisdiction is other than England, that the Documents constitute legal, valid and binding obligations of the Guarantor(s), under such laws, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the relevant Issuer and to be available for inspection by Noteholders at the specified office of the Agent; and

(ix) there is no outstanding Event of Default in respect of the Notes.

(b) Assumption by Substituted Debtor

Upon the execution of the Documents as referred to in paragraph (a) above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the relevant Issuer (or of any previous Substituted Debtor) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the relevant Issuer as issuer (or such previous Substituted Debtor) from all of its obligations as principal debtor in respect of the Notes.

(c) Deposit of Documents

The Documents shall be deposited with and held by the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or, in the case of Guaranteed Notes, any Guarantor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and, in the case of Guaranteed Notes, the Guarantor(s), shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

(d) Notice of Substitution

Not later than 15 days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with Condition 16.

(e) Substituted Debtor

Substituted Debtor means any company which is 100 per cent. directly or indirectly owned by NHI.

(II) Substitution of a Guarantor

(a) Conditions precedent to Substitution of a Guarantor

In respect of Guaranteed Notes, any Guarantor may, without the consent of the Noteholders, be replaced and substituted by a Substituted Guarantor (as defined below) in respect of such Notes provided that:

- (i) such substitution shall only occur pursuant to a reorganisation of or within the group of companies consisting of NHI and its consolidated subsidiaries;
- (ii) such documents shall be executed by the Substituted Guarantor as may be necessary to give full effect to the substitution (the **Guarantor Substitution Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Guarantor shall undertake in favour of each Noteholder to be bound by these Conditions (as amended in the manner provided in paragraph (b) below) and the provisions of the Agency Agreement as fully as if the Substituted Guarantor had been named in the Notes and the Agency Agreement as the guarantor in respect of such Notes in place of the relevant Guarantor (or any previous Substituted Guarantor);
- (iii) the Guarantor Substitution Documents shall contain a warranty and representation by the Substituted Guarantor:

- (A) that it has obtained all necessary corporate, governmental and regulatory approvals and consents for such substitution and for the performance by it of its obligations under the Guarantor Substitution Documents and that all such approvals and consents are in full force and effect; and
- (B) that the obligations assumed by it under the Guarantor Substitution Documents are all legal, valid and binding in accordance with their respective terms;
- (iv) each (if any) stock exchange, competent listing authority and/or quotation system which has such Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Guarantor such Notes would continue to be listed, quoted and/or traded on such stock exchange, competent listing authority and/or quotation system;
- (v) the relevant Guarantor and the Substituted Guarantor, as the case may be, shall have delivered to the Agent for its safekeeping or procured the delivery to the Agent for its safekeeping of legal opinions addressed to the Dealers from:
 - (a) a leading firm of English lawyers acting for the relevant Guarantor, to the effect that the Guarantor Substitution Documents constitute legal, valid and binding obligations of the relevant Guarantor and the Substituted Guarantor under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the relevant Guarantor and to be available for inspection by Noteholders at the specified office of the Agent;
 - (b) a leading firm of lawyers from the Guarantors' Jurisdiction acting for the relevant Guarantor, to the effect that the relevant Guarantor has the capacity and authority to enter into the Guarantor Substitution Documents under the laws of the Guarantors' Jurisdiction and, where the Guarantors' Jurisdiction is other than England, that the Guarantor Substitution Documents constitute legal, valid and binding obligations of the relevant Guarantor under such laws, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the relevant Guarantor and to be available for inspection by Noteholders at the specified office of the Agent; and
 - (c) a legal opinion from a leading firm of lawyers from the jurisdiction of the Substituted Guarantor (the **Substituted Guarantor's Jurisdiction**) acting for the Substituted Guarantor, to the effect that the Substituted Guarantor has the capacity and authority to enter into the Guarantor Substitution Documents under the laws of the Substituted Guarantor's Jurisdiction and, where the Substituted Guarantor's Jurisdiction is other than England, that the Guarantor Substitution Documents constitute legal, valid and binding obligations of the Substituted Guarantor under the relevant law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the relevant Guarantor and to be available for inspection by Noteholders at the specified office of the Agent; and
- (vi) there is no outstanding Event of Default in respect of the Notes.

(b) Assumption by Substituted Guarantor

Upon the execution of the Guarantor Substitution Documents as referred to in paragraph (a) above, the Substituted Guarantor shall be deemed to be named in the Notes as the guarantor for such Notes in place of the relevant Guarantor (or of any previous Substituted Guarantor) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Guarantor Substitution Documents shall operate to release the relevant Guarantor as guarantor (or such previous Substituted Guarantor) from all of its obligations as guarantor in respect of the Notes.

(c) Deposit of Guarantor Substitution Documents

The Guarantor Substitution Documents shall be deposited with and held by the Agent for so long as any Note remains outstanding and for so long as any claim made against the Substituted Guarantor by any Noteholder in relation to the Notes or the Guarantor Substitution Documents shall not have been finally adjudicated, settled or discharged. The Substituted Guarantor shall acknowledge in the Guarantor Substitution Documents the right of every Noteholder to the production of the Guarantor Substitution Documents for the enforcement of any of the Notes or the Guarantor Substitution Documents.

(d) Notice of Substitution

Not later than 15 days after the execution of the Guarantor Substitution Documents, the Substituted Guarantor shall give notice thereof to the Noteholders in accordance with Condition 16.

(e) Substituted Guarantor

Substituted Guarantor means any company which is either the ultimate parent company of the relevant Issuer or a company with the same ultimate parent company as the relevant Issuer, save that in the latter case such Substituted Guarantor shall have a credit rating at least equal to that of the relevant Guarantor as at the date of substitution.

21. Governing Law

The Agency Agreement, the Deed of Covenant, the Notes, the Guarantee, the Receipts and the Coupons (and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Guarantee, the Notes, the Receipts and the Coupons and every such agreement for the issue and purchase of Notes) are governed by and shall be construed in accordance with the laws of England.

Each of the Issuers and the Guarantors irrevocably agrees for the benefit of the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and that accordingly any suit, action or proceedings arising out of or in connection with the Notes (together referred to as **Proceedings**) may be brought in the courts of England.

22. Appointment of Process Agent

NEF and the Guarantors hereby appoint Nomura International plc at its registered office for the time being in England (being at the date of issue of the Notes to which the Conditions relate 1 Angel Lane, London EC4R 3AB) as their agent for service of process in England in respect of any Proceedings in England and undertakes that in the event of it ceasing so to act it will appoint another person as its agent for that purpose.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer for general corporate purposes of NHI and its subsidiaries (**Nomura** or **Nomura Group**) (as described in *Description of the Issuers, Description of the Guarantors and 'Business of Nomura'* section hereafter).

NEF will (in accordance with section 3:2 of the Financial Markets Supervision Act (*Wet op het financieel toezicht*)) on-lend the net proceeds from each issue of Notes to, or invest those net proceeds in, companies of the group of which the Issuer forms part, for use by these companies for general corporate purposes.

DESCRIPTION OF THE ISSUERS

NOMURA BANK INTERNATIONAL PLC

The business description of Nomura Bank International plc (**NBI**) is set out in the Registration Document incorporated by reference in this Base Prospectus.

Description of the Nomura Group

The description of the Nomura Group is set out in the Registration Document incorporated by reference in this Base Prospectus.

Key Financial Performance Indicators

NBI's key financial performance indicators for the 12 month periods ending 31 March 2015 and 31 March 2016 were as follows:

	<u>Year ended</u> <u>31 March 2016</u> <u>\$'000</u>	<u>Year ended</u> <u>31 March 2015</u> <u>\$'000</u>
Operating income/(loss)	133,136	2,326
Profit / (Loss) on ordinary activities before taxation	120,058	(44,688)
Profit / (Loss) for the year	95,572	(45,761)
Total assets	10,131,382	9,852,820
Total liabilities	9,604,751	9,421,866
Shareholders' funds	526,631	430,954

These figures have been taken from the relevant financial statements of NBI, which include the audited consolidated financial statements for the year ended 31 March 2016 and the audited consolidated financial statements for the year ended 31 March 2015.

NOMURA EUROPE FINANCE N.V.

NEF was incorporated under Dutch law as a limited liability company on 20 July 1990 and has its corporate seat in Amsterdam. It has its address at Rembrandt Tower 19th floor, Amstelplein 1, 1096 HA Amsterdam and its trade register number with the Chamber of Commerce and Industry Amsterdam is 33221661.

NEF is a wholly-owned subsidiary of Nomura Holdings, Inc.. NEF's objectives are to assist the Nomura Group in such activities as raising funds from the global debt capital markets and providing for the transfer of funds internationally, coupled with the management of surplus funds.

Accordingly, NEF engages in raising finance through securities issues and other forms of borrowing in the international capital markets as well as in borrowing from the Nomura Group's subsidiaries and lends such funds to the Nomura Group's subsidiaries on a global basis. NEF has ten employees.

The Managing Directors of NEF are as follows:

<u>Name</u>	<u>Position</u>
Yuji Yamasaki	President and Managing Director
Kenji Tsuge	Chairman and Managing Director

Capitalisation and Indebtedness of NEF

The following table sets forth the non-consolidated⁽¹⁾ capitalisation and indebtedness of NEF which is based on the audited non-consolidated financial statements of NEF as at 31 March 2016:

	31 March 2016
	(Millions of Yen)
Notes issued ⁽²⁾	1,038,882
- non-current	822,557
- current	216,325
Financial liabilities designated at fair value through profit or loss	654,663
- non-current	462,772
- current	191,891
Borrowing from affiliates	348,702
- non-current	-
- current	348,702
Notes issued, Financial liabilities designated at fair value through profit or loss and Borrowing from affiliates	2,042,247
Shareholder's equity:	
(Authorised share capital ⁽³⁾ : 315,000 shares of EUR 454 each)	
Issued and paid-up capital: 113,000 shares of EUR 454 each	6,569
Share premium	1,321
Reserve	1,833
Retained earnings	9,057
Total shareholder's equity	18,780
Total capitalisation and indebtedness	2,061,027

Notes:-

* All values are rounded to the nearest million of Japanese Yen (Millions of Yen).

(1) NEF does not have any subsidiaries.

(2) All of the notes issued were unsecured and guaranteed.

(3) The share capital of NEF comprises ordinary shares only.

(4) NEF had no contingent liabilities or guarantees as at 31 March 2016.

(5) Indebtedness above means any indebtedness represented by securities excluding bifurcated embedded derivatives.

(6) Save as disclosed above, there has been no material change in the capitalisation and indebtedness of NEF since 31 March 2016.

Financial Summary of NEF

The table below sets forth financial information as at and for the years ended 31 March 2016 and 2015 derived from the audited financial statements of NEF as at those dates and for those years. This information should be read in conjunction with the financial statements of NEF and notes thereon for the years ended 31 March 2016 and 2015, respectively, and the accounting policies adopted in respect thereof:

Statement of financial position as at 31 March 2016 and 2015

	31 March 2016 (Millions of Yen)	31 March 2015 (Millions of Yen)
Total assets	2,218,997	1,863,864
Shareholder's equity	18,780	20,220
Total liabilities	2,200,217	1,843,644

Non-consolidated statement of comprehensive income for the years ended 31 March 2016 and 2015

	31 March 2016 (Millions of Yen)	31 March 2015 (Millions of Yen)
Interest and similar income	25,022	30,292
Interest and similar expense	(4,502)	(14,958)
Net interest income	20,520	15,334
Fee and commission income	-	16
Fee and commission expense	(754)	(778)
Net fee and commission expense	(754)	(762)
Net trading loss	(674,696)	(94,246)
Net gain on financial liabilities designated at fair value through profit or loss	659,116	93,857
Other operating income	19	132
Net operating income	4,205	14,315
Salaries and social charges	(88)	(85)
General and administrative expenses	(6,057)	(9,628)
Total operating expenses	(6,145)	(9,713)
Profit/(loss) before tax	(1,940)	4,602
Taxation benefit/(expense)	500	(1,119)
Profit/(loss) for the year	(1,440)	3,483
Total comprehensive income for the year	(1,440)	3,483

DESCRIPTION OF THE GUARANTORS

NOMURA HOLDINGS, INC.

NHI is a holding company of one of the leading financial services group in Japan.

NHI, formerly known as The Nomura Securities Co., Ltd., was incorporated in Japan on 25 December 1925 under the Commercial Code of Japan when the securities division of The Osaka Nomura Bank, Ltd. became a separate entity specialising in the trading and distribution of debt securities in Japan. NHI was the first Japanese securities company to develop its business internationally with the opening in 1927 of a representative office in New York. In Japan, NHI broadened the scope of its business when it began trading in equity securities in 1938 and when it organised the first investment trust in Japan in 1941.

On 1 October 2001, NHI adopted a holding company structure. In connection with this reorganisation, NHI changed its name from “The Nomura Securities Co., Ltd.” to “Nomura Holdings, Inc.” NHI continues to be listed on the Tokyo Stock Exchange and other stock exchanges on which it was previously listed. A wholly-owned subsidiary of NHI assumed its securities businesses and was named “Nomura Securities Co., Ltd.”

NHI has proactively engaged in establishing a governance framework to ensure transparency in its management. Among other endeavors, when NHI adopted a holding company structure and was listed on the New York Stock Exchange (the NYSE) in 2001, NHI installed Outside Directors. In addition, in June 2003, NHI further strengthened and increased the transparency of its oversight functions by adopting the Company with Three Board Committees, a system in which management oversight and business execution functions are clearly separated.

In 2008, to pave the way for future growth, NHI acquired and integrated the operations of Lehman Brothers in Asia Pacific, Europe and the Middle East.

The total number of authorised shares for NHI is 6,000,000,000 and the number of issued shares was 3,822,562,601 as of 31 March 2016. The issued share capital for NHI is fully paid up.

FINANCIAL SUMMARY OF NHI

The financial summary set forth below as at and for the years ended 31 March 2014, 2015 and 2016 has been derived from the audited consolidated financial statements of NHI as at those dates and for those periods. This information should be read in conjunction with, and is qualified by reference to, the consolidated financial statements of NHI and notes thereon prepared in accordance with U.S. GAAP for the years ended 31 March 2014, 2015 and 2016, respectively, and the accounting policies adopted in respect thereof:

Consolidated balance sheets of NHI as at 31 March 2014, 2015 and 2016:

	31 March		
	2014	2015	2016
	(Millions of Yen)		
Total assets	43,520,314	41,783,236	41,090,167
Total equity	2,553,213	2,744,946	2,743,015
Total liabilities	40,967,101	39,038,290	38,347,152

Consolidated statements of income of NHI for the financial years ended 31 March 2014, 2015 and 2016:

	31 March		
	2014	2015	2016
	(Millions of Yen)		
Total revenue	1,831,844	1,930,588	1,723,096
Interest expense	274,774	326,412	327,415
Net revenue	1,557,070	1,604,176	1,395,681
Total non-interest expenses	1,195,456	1,257,417	1,230,523
Income before income taxes	361,614	346,759	165,158
Income tax expense	145,165	120,780	22,596
Net income	216,449	225,979	142,562
Net income attributable to NHI shareholders	213,591	224,785	131,550
Return on equity ⁽¹⁾	8.9%	8.6%	4.9%

(1) Calculated as net income attributable to NHI shareholders divided by total NHI shareholders' equity.

The annual financial statements of NHI for the financial years ended 31 March 2014, 2015 and 2016 have been audited by Ernst & Young ShinNihon LLC of Hibiya Kokusai Building, 2-3, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-0011, and contain an opinion from Ernst & Young ShinNihon LLC. None of the information in this Base Prospectus has been separately audited.

Ernst & Young ShinNihon LLC is an independent registered public accounting firm and a member of the Japanese Institute of Certified Public Accountants.

NHI complies with the Japanese corporate governance regime and applicable capital adequacy requirements.

MANAGEMENT OF NHI

The Directors of NHI as at the date of this Base Prospectus are as follows (together with details of their principal directorships and other corporate offices held outside of NHI):

Director Chairman of the Board of Directors	Nobuyuki Koga	Director and Chairman of the Board of Directors of Nomura Securities Co., Ltd. Representative Director and President of Kanagawa Kaihatsu Kanko Co., Ltd.
Director	Koji Nagai	Director and President of Nomura Securities Co., Ltd.
Director	Tetsu Ozaki	Director and Deputy President of Nomura Securities Co., Ltd.
Director	Hisato Miyashita	Director of Nomura Asset Management Co., Ltd. Director of The Nomura Trust and Banking Co., Ltd. Statutory Auditor of Nomura Financial Products & Services, Inc.
Director	David Benson	Non-Executive Director of Nomura Europe Holdings plc Non-Executive Director of Nomura International plc
Outside Director	Takao Kusakari	Senior Advisor of NYK Line
Outside Director	Hiroshi Kimura	Advisor of Japan Tobacco Inc. Outside Director of Asahi Glass Co., Ltd. Outside Director of IHI Corporation
Outside Director	Noriaki Shimazaki	Director of Nomura Securities Co., Ltd. Outside Director of Autobacs Seven Co., Ltd. Outside Director of UKC Holdings Corporation Outside Director of Loginet Japan Co., Ltd.
Outside Director	Toshinori Kanemoto	Of-Counsel of City-Yuwa Partners Outside Statutory Auditor of JX Holdings, Inc. Outside Statutory Auditor of Nippon Television Holdings, Inc. Outside Director of Riken Corporation
Outside Director	Dame Clara Furse	Non-Executive Director of Amadeus IT Holding, S.A. Non-Executive Director of U.K. Department for Work and Pensions External Member of the Bank of England's Financial Policy Committee Non-Executive Director of Vodafone Group Plc

Outside Director Michael Lim Choo San Non-Executive Chairman of Nomura Singapore Ltd.

The business address of each Director is 9-1, Nihonbashi 1-chome, Chuo-ku, Tokyo, Japan.

Among the Directors listed above, Takao Kusakari, Hiroshi Kimura, Noriaki Shimazaki, Toshinori Kanemoto, Dame Clara Furse and Michael Lim Choo San satisfy the requirements for an “outside director” under the Companies Act of Japan (“Companies Act”).

The following persons are the board committee chairmen, committee members and the Executive Officers of NHI as at the date of this Base Prospectus.

Committee Chairmen and Members

1. Nomination Committee

Chairman Nobuyuki Koga
 Takao Kusakari
 Hiroshi Kimura

2. Audit Committee

Chairman Noriaki Shimazaki
 Toshinori Kanemoto
 Hisato Miyashita

3. Compensation Committee

Chairman Nobuyuki Koga
 Takao Kusakari
 Hiroshi Kimura

Executive Officers of NHI

Representative Executive Officer and Group CEO	Koji Nagai
Representative Executive Officer and Group COO	Tetsu Ozaki
Executive Managing Director and Head of Asset Management Division	Kunio Watanabe
Executive Managing Director and Chief of Staff	Shoichi Nagamatsu
Executive Managing Director and Chief Financial Officer	Takumi Kitamura
Executive Managing Director and Group Entity Structure and Co-CRO	Yuji Nakata

Information Concerning NHI’s Directors

The Companies Act states that a Company with Three Board Committees (as defined below) must establish three committees; a nomination committee, an audit committee and a compensation committee. The members of each committee are chosen from the company’s directors, and the majority of the members of each committee must be outside directors. At a Company with Three Board Committees, the board of directors is entitled to establish the basic management policy for the company, has decision-making authority over certain prescribed matters, and supervises the execution by the executive officers of their duties. Executive officers and representative executive officers appointed by a resolution adopted by the board of directors manage the business affairs of the company, based on a delegation of authority by the board of directors.

Since June 2003, NHI has adopted a corporate governance structure that separates management oversight functions from business execution functions (“Company with Three Board Committees”). Through this governance structure, NHI aims to strengthen management oversight, increase the transparency of NHI’s management and expedite the decision-making process within the Nomura Group. An outline of NHI’s Board of Directors, Nomination Committee, Audit Committee and Compensation Committee is provided below.

Board of Directors

NHI's Board of Directors consists of Directors who are elected at a general meeting of shareholders and NHI's Articles of Incorporation provide that the number of Directors shall not exceed 20. The term of office of each Director expires upon the conclusion of the ordinary general meeting of shareholders with respect to the last fiscal year ending within one year after their appointment. Directors may serve any number of consecutive terms. From among its members, NHI's Board of Directors elects the Chairman. NHI's Board of Directors met ten times during the fiscal year ended 31 March 2016. As a group, the Directors attended 100% of the total number of meetings of the Board of Directors during the year. The Board of Directors has the authority to determine NHI's basic management policy and supervise the execution by the Executive Officers of their duties. Although the Board of Directors also has the authority to make decisions with regard to NHI's business, most of this authority has been delegated to the Executive Officers by a resolution adopted by the Board of Directors.

Nomination Committee

The Nomination Committee, in accordance with NHI's Regulations of the Nomination Committee, determines the details of any proposals concerning the election and dismissal of Directors to be submitted to general meetings of shareholders by the Board of Directors. The Nomination Committee met four times during the fiscal year ended 31 March 2016. As a group, the member Directors attended 100% of the total number of meetings of the Nomination Committee during the year. As of 23 June 2016, the members of the Nomination Committee are Nobuyuki Koga, Takao Kusakari and Hiroshi Kimura. Nobuyuki Koga is the Chairman of this Committee.

Audit Committee

The Audit Committee, in accordance with NHI's Regulations of the Audit Committee, (i) audits the execution by the Directors and the Executive Officers of their duties and the preparation of audit reports and (ii) determines the details of proposals concerning the election, dismissal or non-reappointment of the accounting auditor to be submitted to general meetings of shareholders by the Board of Directors. With respect to financial reporting, the Audit Committee has the statutory duty to examine financial statements and business reports to be prepared by Executive Officers designated by the Board of Directors and is authorized to report its opinion to the ordinary general meeting of shareholders.

The Audit Committee met 16 times during the fiscal year ended 31 March 2016. As a group, the member Directors attended 100% of the total number of meetings of the Audit Committee during the year. As of 23 June 2016, the members of the Audit Committee are Noriaki Shimazaki, Toshinori Kanemoto and Hisato Miyashita. Noriaki Shimazaki is the Chairman of this Committee.

Compensation Committee

The Compensation Committee, in accordance with NHI's Regulations of the Compensation Committee, determines NHI's policy with respect to the determination of the details of each Director and Executive Officer's compensation. The Compensation Committee also determines the details of each Director and Executive Officer's actual compensation. The Compensation Committee met four times during the fiscal year ended 31 March 2016. As a group, the member Directors attended 100% of the total number of meetings of the Compensation Committee during the year. As of 23 June 2016, the members of the Compensation Committee are Nobuyuki Koga, Takao Kusakari and Hiroshi Kimura. Nobuyuki Koga is the Chairman of this Committee.

Limitation of Liabilities of Directors

In accordance with Article 33, Paragraph 2 of NHI's Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, NHI may execute agreements with Directors (excluding a person who serves as an executive director, etc.) that limit their liabilities to NHI for damages suffered by NHI if they acted in good faith and without gross negligence. Accordingly, NHI has entered into agreements to limit Companies Act Article 423 Paragraph 1 liability for damages (limitation of liability agreements) with each of the following Directors: Takao Kusakari, Hiroshi Kimura, Noriaki Shimazaki, Toshinori Kanemoto, Dame Clara Furse, Michael Lim Choo San, Hisato Miyashita and David Benson. Liability under each such agreement is limited to either ¥20 million or the amount prescribed by laws and regulations, whichever is greater.

Information Concerning NHI's Executive Officers

NHI's Executive Officers are appointed by NHI's Board of Directors, and NHI's Articles of Incorporation provide that the number of Executive Officers shall not exceed 45. The term of office of each Executive Officer expires upon the conclusion of the first meeting of the Board of Directors convened after the ordinary general meeting of shareholders for the last fiscal year ending within one year after each Executive Officer's assumption

of office. Executive Officers may serve any number of consecutive terms. NHI's Executive Officers have the authority to determine matters delegated to them by resolutions adopted by the Board of Directors and to execute business activities.

NOMURA SECURITIES CO., LTD.

NSC was established in Japan on 7 May 2001 and is a joint-stock corporation incorporated under the laws of Japan. NSC is a wholly-owned subsidiary of NHI. NSC is a securities and investment banking company regulated by the Financial Services Agency of Japan (the **FSA**) as Financial Instruments Business Operator, etc. and operates its securities business mainly in Japan.

The total number of authorised shares for NSC is 400,000 and the number of issued shares was 201,410 as of 31 March 2016. The issued share capital for NSC is fully paid up.

FINANCIAL SUMMARY OF NSC

Set out below is a financial summary for NSC, which has been derived from the audited non-consolidated annual financial statements as at and for the years ended 31 March 2014, 2015 and 2016. This information should be read in conjunction with, and is qualified by reference to, the financial statements of NSC and the notes thereon prepared in accordance with Japanese GAAP for the years ended 31 March 2014, 2015 and 2016, respectively, and the accounting policies adopted in respect thereof:

Non-consolidated balance sheets of NSC as at 31 March 2014, 2015 and 2016:

	31 March		
	2014	2015	2016
	(Millions of Yen)		
Total assets	12,556,123	14,018,037	12,244,625
Total net assets	1,037,168	984,780	805,013
Total liabilities	11,518,955	13,033,257	11,439,612

Non-consolidated statements of income of NSC for the years ended 31 March 2014, 2015 and 2016:

	31 March		
	2014	2015	2016
	(Millions of Yen)		
Commissions	481,829	451,065	446,136
Net gain on trading	268,890	270,361	218,686
Interest and dividend income	65,485	79,842	81,978
Interest expenses	66,876	89,236	87,796
Total selling, general and administrative expenses	497,027	481,637	475,029
Operating income	252,302	230,395	183,975
Income before income taxes	256,491	231,586	183,161
Net income	158,766	150,027	120,544

None of the information in this Base Prospectus has been separately audited.

MANAGEMENT OF NSC

The Directors of NSC as at the date of this Base Prospectus are as follows:

Director and Chairman of the Board of Directors	Nobuyuki Koga
Director and President	Koji Nagai
Director	Tetsu Ozaki
Director	Hiroshi Matsutani
Director	Shinji Iwai
Director	Kiminori Yano
Director	Noriaki Shimazaki
Outside Director	Toshiaki Hiwatari
Outside Director	Motoki Ozaki

Among the above listed Directors, Toshiaki Hiwatari and Motoki Ozaki satisfy the requirements for an “outside director” under the Companies Act.

The following persons are the committee chairmen and committee members of NSC as at the date of this Base Prospectus.

Committee Chairmen and Members

1. **Nomination Committee**

Chairman Nobuyuki Koga
Toshiaki Hiwatari
Motoki Ozaki

2. **Audit Committee**

Chairman Noriaki Shimazaki
Toshiaki Hiwatari
Motoki Ozaki

3. **Compensation Committee**

Chairman Nobuyuki Koga
Toshiaki Hiwatari
Motoki Ozaki

There are no recent events particular to either NHI or NSC, which are to a material extent relevant to an evaluation of NHI's or NSC's (as the case may be) solvency and no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on NHI's or NSC's (as the case may be) prospects for at least the current financial year.

BUSINESS OF NOMURA

Nomura is one of the leading financial services groups in Japan and operates offices in countries and regions worldwide including Japan, the United States, the United Kingdom, Singapore and Hong Kong Special Administrative Region through its subsidiaries.

Nomura's clients include individuals, corporations, financial institutions, governments and governmental agencies.

Nomura's business consists of its Retail, Asset Management and Wholesale divisions.

In its Retail segment, Nomura provides investment consultation services mainly to individual clients in Japan. In its Asset Management segment, Nomura develops and manages investment trusts, and provides investment advisory services. In its Wholesale segment, Nomura engages in the sales and trading of debt and equity securities, derivatives, and currencies on a global basis, and provides investment banking services such as the underwriting of debt and equity securities as well as mergers and acquisitions and financial advice.

Business Strategy

Corporate Goals and Principles

Nomura's management vision is to enhance its corporate value by deepening society's trust in Nomura and increasing satisfaction of stakeholders, including that of shareholders and clients.

As "Asia's global investment bank", Nomura will provide high value-added solutions to clients globally, and recognising its wider social responsibility, Nomura will continue to contribute to the economic growth and development of society.

To enhance its corporate value, Nomura places significance on earnings per share (EPS) and will seek to maintain sustained improvement of management's target.

Results of Operations

Overview

Net revenue decreased by 13% from ¥1,604,176 million for the year ended 31 March 2015 to ¥1,395,681 million for the year ended 31 March 2016. The decrease is primarily due to slower performance in Nomura's Fixed Income business as a result of the challenging trading environment and the impact of settlement of legal proceedings with Banca Monte dei Paschi di Siena SpA ("MPS"). Commissions decreased by 5% from ¥453,401 million for the year ended 31 March 2015 to ¥431,959 million for the year ended 31 March 2016 primarily due to a decrease in commissions received from the distribution of investment trusts in Japan. Fees from investment banking increased by 24% from ¥95,083 million for the year ended 31 March 2015 to ¥118,333 million for the year ended 31 March 2016 primarily due to revenue from M&A, ECM and Nomura's solution businesses associated with fund raising. Asset management and portfolio service fees increased by 13% from ¥203,387 million for the year ended 31 March 2015 to ¥229,006 million for the year ended 31 March 2016 primarily due to an increase in assets under management driven by positive net inflows into ETFs and investment trusts for discretionary investments. Net gain on trading decreased by 33% from ¥531,337 million for the year ended 31 March 2015 to ¥354,031 million for the year ended 31 March 2016, primarily driven by slower performance in Nomura's Fixed Income business and the impact of settlement of legal proceedings with MPS. Net gain on trading also included total gains of ¥28.3 billion attributable to changes in Nomura's own creditworthiness with respect to derivative liabilities and financial liabilities for which the fair value option has been elected. This net gain was primarily due to the widening of Nomura's credit spreads during the period. Gain on private equity investments increased by 150% from ¥5,502 million for the year ended 31 March 2015 to ¥13,761 million for the year ended 31 March 2016. Other decreased by 11% from ¥175,702 million for the year ended 31 March 2015 to ¥156,460 million for the year ended 31 March 2016, primarily due to unrealized losses from Nomura's investment in Ashikaga Holdings Co., Ltd. ("Ashikaga Holdings") and a decrease in net income from other affiliated companies.

Net revenue increased by 3% from ¥1,557,070 million for the year ended 31 March 2014 to ¥1,604,176 million for the year ended 31 March 2015. The increase includes the impact of exchange rate fluctuations, especially depreciation of the Japanese Yen, on revenues generated by Nomura's overseas businesses. Commissions

decreased by 4 % from ¥473,121 million for the year ended 31 March 2014 to ¥453,401 million for the year ended 31 March 2015 primarily due to a decrease in commissions received from the distribution of investment trusts and brokerage commissions received from equity and equity-related products, particularly in Japan. Fees from investment banking increased by 4% from ¥91,301 million for the year ended 31 March 2014 to ¥95,083 million for the year ended 31 March 2015 primarily due to revenue from Nomura's solution businesses associated with M&As and fund raising. Asset management and portfolio service fees increased by 21% from ¥168,683 million for the year ended 31 March 2014 to ¥203,387 million for the year ended 31 March 2015 primarily due to an increase in assets under management driven by market appreciation and the contribution of the new subsidiary acquired during the year ended 31 March 2015. Net gain on trading increased by 12% from ¥476,356 million for the year ended 31 March 2014 to ¥531,337 million for the year ended 31 March 2015, primarily driven by the favourable trading environment, particularly in Japan and Asia. Net gain on trading also included total losses of ¥4.3 billion attributable to changes in Nomura's own creditworthiness with respect to derivative liabilities and financial liabilities for which the fair value option has been elected. This net loss was primarily due to the tightening of Nomura's credit spreads during the period. Gain on private equity investments decreased by 52% from ¥11,392 million for the year ended 31 March 2014 to ¥5,502 million for the year ended 31 March 2015 primarily due to the recognition of unrealized gains from Nomura's investment in Ashikaga Holdings Co., Ltd. ("Ashikaga Holdings") following its listing on the Tokyo Stock Exchange during the year ended 31 March 2014. Other decreased by 2% from ¥179,485 million for the year ended 31 March 2014 to ¥175,702 million for the year ended 31 March 2015, primarily due to the gain recognized in connection with the disposal of Nomura's investment in Fortress during the year ended 31 March 2014, which was partially offset by an increase in net income from other affiliated companies.

Net interest revenue was ¥141,576 million for the year ended 31 March 2014, ¥110,354 million for the year ended 31 March 2015 and ¥112,635 million for the year ended 31 March 2016. Net interest revenue is a function of the level and mix of total assets and liabilities, which includes trading assets and financing and lending transactions, and the level, term structure and volatility of interest rates. Net interest revenue is an integral component of trading activity. In assessing the profitability of Nomura's overall business and of its Global Markets business in particular, it views net interest revenue and non-interest revenues in aggregate. For the year ended 31 March 2016, interest revenue increased by 1%, primarily due to an increase in dividend income and interest income on reverse repurchase agreements and interest expense was largely unchanged with the year ended 31 March 2015. As a result, Net interest revenue for the year ended 31 March 2016 increased by ¥2,281 million from the year ended 31 March 2015. For the year ended 31 March 2015, interest revenue increased by 5%, primarily due to an increase in dividend income and interest income on reverse repurchase agreements and interest expense increased by 19%, primarily due to an increase in interest expense on securities borrowed. As a result, Net interest revenue for the year ended 31 March 2015 decreased by ¥31,222 million from the year ended 31 March 2014.

Gain (loss) on investments in equity securities was ¥15,156 million for the year ended 31 March 2014, ¥29,410 million for the year ended 31 March 2015 and ¥(20,504) million for the year ended 31 March 2016. This includes both realized and unrealized gains and losses on investments in equity securities held for operating purposes which are Nomura's investments in unaffiliated companies, which it holds on a long-term basis in order to promote existing and potential business relationships.

Non-interest expenses for the year ended 31 March 2016 decreased by 2% from ¥1,257,417 million for the year ended 31 March 2015 to ¥1,230,523 million primarily due to a decrease in compensation and benefits and commissions and floor brokerage expenses which were partially offset by employee termination costs recognized in connection with the restructuring of Nomura's Wholesale Division operations within EMEA and the Americas in March 2016.

Non-interest expenses for the year ended 31 March 2015 increased by 5% from ¥1,195,456 million for the year ended 31 March 2014 to ¥1,257,417 million primarily due to an increase in fees paid by Nomura's Asset Management Division as a result of an increase in assets under management, increases in other various expenses as a result of the new Asian subsidiary acquired during the year ended 31 March 2015, and the impact of exchange rate fluctuations, especially depreciation of the Japanese Yen, on expenses incurred by Nomura's overseas businesses.

Income before income taxes was ¥361,614 million for the year ended 31 March 2014, ¥346,759 million for the year ended 31 March 2015 and ¥165,158 million for the year ended 31 March 2016.

Nomura is subject to a number of different taxes in Japan and have adopted the consolidated tax filing system permitted under Japanese tax law. The consolidated tax filing system only imposes a national tax. Nomura's

domestic effective statutory tax rate was approximately 38% for the fiscal year ended 31 March 2014, approximately 36% for the fiscal year ended 31 March 2015 and approximately 33% for the fiscal year ended 31 March 2016. Furthermore, as a result of revision to domestic tax laws on 31 March 2016, Nomura's effective statutory tax rate will decrease from approximately 32% to 31% for fiscal years beginning on or after 1 April 2016. Nomura's foreign subsidiaries are subject to the income taxes of the countries in which they operate, which are generally lower than those in Japan. Nomura's effective statutory tax rate in any one year is therefore dependent on Nomura's geographic mix of profits and losses and also on the specific tax treatment applicable in each location.

Income tax expense for the year ended 31 March 2016 was ¥22,596 million, representing an effective tax rate of 13.7%. The significant factors causing the difference between the effective tax rate of 13.7% and the effective statutory tax rate of 33% were changes in deferred tax valuation allowance which increased the effective tax rate by 36.1% but partially offset by Tax benefit recognized on the devaluation of investment in subsidiaries and affiliates which decreased the effective tax rate by 54.8%.

Income tax expense for the year ended 31 March 2015 was ¥120,780 million, representing an effective tax rate of 34.8%. The significant factors causing the difference between the effective tax rate of 34.8% and the effective statutory tax rate of 36% were non-deductible expenses which increased the effective tax rate by 5.9%, changes in deferred tax valuation allowance which increased the effective tax rate by 5.1% but partially offset by non-taxable revenue which decreased the effective tax rate by 4.7%.

Income tax expense for the year ended 31 March 2014 was ¥145,165 million, representing an effective tax rate of 40.1%. The significant factors causing the difference between the effective tax rate of 40.1% and the effective statutory tax rate of 38% were non-deductible expenses which increased the effective tax rate by 7.7%, the effect of the tax positions of foreign subsidiaries which increased the effective tax rate by 6.3% as partially offset by changes in deferred tax valuation allowance which decreased the effective tax rate by 9.8%.

Net income attributable to NHI shareholders was ¥213,591 million for the year ended 31 March 2014, ¥224,785 million for the year ended 31 March 2015 and ¥131,550 million for the year ended 31 March 2016, respectively. Nomura's return on equity for the year ended 31 March 2014, 2015 and 2016 was 8.9%, 8.6% and 4.9%, respectively.

Liquidity and Capital Resources

Funding and Liquidity Management

Overview

Nomura defines liquidity risk as the risk of loss arising from difficulty in securing the necessary funding or from a significantly higher cost of funding than normal levels due to deterioration of the Nomura Group's creditworthiness or deterioration in market conditions. This risk could arise from Nomura-specific or market-wide events such as inability to access the secured or unsecured debt markets, a deterioration in its credit ratings, a failure to manage unplanned changes in funding requirements, a failure to liquidate assets quickly and with minimal loss in value, or changes in regulatory capital restrictions which may prevent the free flow of funds between different group entities. Nomura's global liquidity risk management policy is based on liquidity risk appetite formulated by the Executive Management Board ("EMB"). Nomura's liquidity risk management, under market-wide stress and in addition, under Nomura-specific stress, seeks to ensure enough continuous liquidity to meet all funding requirements and unsecured debt obligations across one year and one month periods, respectively, without raising funds through unsecured funding or through the liquidation of assets. Nomura is required to meet regulatory notice on the liquidity coverage ratio issued by the FSA.

Nomura has in place a number of liquidity risk management frameworks that enable Nomura to achieve its primary liquidity objective. These frameworks include (1) Centralized Control of Residual Cash and Maintenance of Liquidity Portfolio; (2) Utilization of Unencumbered Assets as Part of Nomura's Liquidity Portfolio; (3) Appropriate Funding and Diversification of Funding Sources and Maturities Commensurate with the Composition of Assets; (4) Management of Credit Lines to Nomura Group Entities; (5) Implementation of Liquidity Stress Tests; and (6) Contingency Funding Plan.

The EMB has the authority to make decisions concerning group liquidity management. The Chief Financial Officer ("CFO") has the operational authority and responsibility over Nomura's liquidity management based on decisions made by the EMB.

1. *Centralized Control of Residual Cash and Maintenance of Liquidity Portfolio.*

Nomura centrally controls residual cash held at Nomura Group entities for effective liquidity utilization purposes. As for the usage of funds, the CFO decides the maximum amount of available funds, provided without posting any collateral, for allocation within Nomura and the EMB allocates the funds to each business division. Global Treasury monitors usage by businesses and reports to the EMB.

In order to enable Nomura to transfer funds smoothly between group entities, Nomura limits the issuance of securities by regulated broker-dealers or banking entities within the Nomura Group and seeks to raise unsecured funding primarily through NHI or through unregulated subsidiaries. The primary benefits of this strategy include cost minimization, wider investor name recognition and greater flexibility in providing funding to various subsidiaries across the Nomura Group.

To meet any potential liquidity requirement, Nomura maintains a liquidity portfolio, managed by Global Treasury apart from other assets, in the form of cash and highly liquid, unencumbered securities that may be sold or pledged to provide liquidity. As of 31 March 2016, its liquidity portfolio was ¥5,947.1 billion which generated a liquidity surplus taking into account stress scenarios.

The following table presents a breakdown of its liquidity portfolio by type of financial assets as of 31 March 2015 and 2016 and averages maintained for the years ended 31 March 2015 and 2016. Yearly averages are calculated using month-end amounts.

	Billions of yen			
	Average for year ended 31 March 2015	As of 31 March 2015	Average for year ended 31 March 2016	As of 31 March 2016
Cash, cash equivalents and time deposits ⁽¹⁾	¥ 1,726.2	¥ 1,292.3	¥ 1,873.0	¥ 2,050.5
Government debt securities.....	4,678.3	4,470.4	3,821.8	3,617.9
Others ⁽²⁾	248.9	301.3	230.0	278.7
Total liquidity portfolio.....	¥ 6,653.4	¥ 6,064.0	¥ 5,924.8	¥ 5,947.1

(1) Cash, cash equivalents, and time deposits include nostro balances and deposits with both central banks and market counterparties that are readily available to support the liquidity position of Nomura.

(2) Others include other liquid financial assets such as money market funds and U.S. agency securities.

The following table presents a breakdown of Nomura's liquidity portfolio by currency as of 31 March 2015 and 2016 and averages maintained for the years ended 31 March 2015 and 2016. Yearly averages are calculated using month-end amounts.

	Billions of yen			
	Average for year ended 31 March 2015	31 March 2015	Average for year ended 31 March 2016	31 March 2016
Japanese Yen	¥ 2,267.7	¥ 1,753.4	¥ 1,859.5	¥ 2,464.5
U.S. Dollar.....	2,580.6	2,736.5	2,839.8	2,698.3
Euro	1,175.0	1,017.9	772.7	369.7
British Pound	514.6	404.8	319.9	248.2
Others ⁽¹⁾	115.5	151.4	132.9	166.4
Total liquidity portfolio	¥ 6,653.4	¥ 6,064.0	¥ 5,924.8	¥ 5,947.1

(1) Includes other currencies such as the Canadian dollar, the Australian dollar and the Swiss franc.

Nomura assesses its liquidity portfolio requirements globally as well as by each major operating entity in the Nomura Group. Nomura primarily maintains its liquidity portfolio at NHI and NSC, its other major broker-dealer subsidiaries, its bank subsidiaries, and other group entities. In determining the amounts and entities which hold this liquidity portfolio, Nomura considers legal, regulatory and tax restrictions which may impact its ability to freely transfer liquidity across different entities in the Nomura Group.

The following table presents a breakdown of Nomura's liquidity portfolio by entity as of 31 March 2015 and 31 March 2016.

	Billions of yen	
	31 March 2015	31 March 2016
NHI and NSC ⁽¹⁾	¥ 1,637.1	¥ 1,522.5

Major broker-dealer subsidiaries	3,036.9	2,958.5
Bank subsidiaries ⁽²⁾	1,050.3	1,037.1
Other affiliates	339.7	429.0
Total liquidity portfolio	<u>¥ 6,064.0</u>	<u>¥ 5,947.1</u>

(1) NSC, a broker dealer located in Japan, holds an account with the Bank of Japan (BOJ) and has direct access to the BOJ Lombard facility through which same day funding is available for Nomura's securities pool. Any liquidity surplus at NHI is lent to NSC via short-term intercompany loans, which can be unwound immediately when needed.

(2) Includes NBI, Nomura Singapore Limited and Nomura Bank Luxembourg S.A.

2. Utilization of Unencumbered Assets as Part of Nomura's Liquidity Portfolio

In addition to Nomura's liquidity portfolio, Nomura had ¥2,002.7 billion of other unencumbered assets comprising mainly of unpledged trading assets that can be used as an additional source of secured funding. Global Treasury monitors other unencumbered assets and can, under a liquidity stress event when the contingency funding plan has been invoked, monetize and utilize the cash generated as a result. The aggregate of Nomura's liquidity portfolio and other unencumbered assets as of 31 March 2016 was ¥7,949.8 billion, which represented 240.6% of its total unsecured debt maturing within one year.

	Billions of yen	
	31 March 2015	31 March 2016
Net liquidity value of other unencumbered assets	¥ 1,821.2	¥ 2,002.7
Liquidity portfolio	6,064.0	5,947.1
Total	<u>¥ 7,885.2</u>	<u>¥ 7,949.8</u>

3. Appropriate Funding and Diversification of Funding Sources and Maturities Commensurate with the Composition of Assets

Nomura seeks to maintain a surplus of long-term debt and equity above the cash capital requirements of its assets.

Nomura also seeks to achieve diversification of its funding by market, instrument type, investors, currency, and staggered maturities in order to reduce unsecured refinancing risk.

Nomura diversifies funding by issuing various types of debt instruments—these include both structured loans and notes with returns linked to interest rates, currencies, equities, commodities, or related indices. Nomura issues structured loans and structured notes in order to increase the diversity of its debt instruments. Nomura typically hedges the returns Nomura is obliged to pay with derivatives and/or the underlying assets to obtain funding equivalent to its unsecured long-term debt. The proportion of its non-Japanese Yen denominated long-term debt increased to 39.2% of total long-term debt outstanding as of 31 March 2016 from 38.1% as of 31 March 2015.

3.1 Short-Term Unsecured Debt

Nomura's short-term unsecured debt consists of short-term bank borrowings (including long-term bank borrowings maturing within one year), other loans, commercial paper, deposit at banking entities, certificates of deposit and debt securities maturing within one year. Deposits at banking entities and certificates of deposit comprise customer deposits and certificates of deposit of its banking subsidiaries. Short-term unsecured debt includes the current portion of long-term unsecured debt.

The following table presents an analysis of Nomura's short-term unsecured debt by type of financial liability as of 31 March 2015 and 31 March 2016.

	Billions of yen	
	31 March 2015	31 March 2016
Short-term bank borrowings	¥ 267.3	¥ 184.9
Other loans	23.9	127.1
Commercial paper	252.9	177.9
Deposits at banking entities	813.6	2,021.2
Certificates of deposit	260.9	32.0
Debt securities maturing within one year	<u>938.4</u>	<u>760.7</u>

Total short-term unsecured debt.....	¥	2,557.0	¥	3,303.8
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3.2 Long-Term Unsecured Debt

Nomura meets its long-term capital requirements and also achieve both cost-effective funding and an appropriate maturity profile by routinely funding through long-term debt and diversifying across various maturities and currencies.

Nomura's long-term unsecured debt includes senior and subordinated debt issued through U.S. registered shelf offerings and its U.S. registered medium-term note programs, its Euro medium-term note programs, registered shelf offerings in Japan and various other debt programs.

As a globally competitive financial services group in Japan, Nomura has access to multiple global markets and major funding centers. NHI, NSC, NEF NBI and Nomura International Funding Pte. Ltd. are the main group entities that borrow externally, issue debt instruments and engage in other funding activities. By raising funds to match the currencies and liquidities of Nomura's assets or by using foreign exchange swaps as necessary, Nomura pursues optimization of its funding structures.

Nomura uses a wide range of products and currencies to ensure that its funding is efficient and well diversified across markets and investor types. Its unsecured senior debt is mostly issued without financial covenants, such as covenants related to adverse changes in its credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in its cost of financing or accelerate repayment of the debt.

The following table presents an analysis of Nomura's long-term unsecured debt by type of financial liability as of 31 March 2015 and 31 March 2016.

	Billions of yen	
	31 March 2015	31 March 2016
Long-term deposits at banking entities.....	¥ 145.9	¥ 169.8
Long-term bank borrowings.....	2,623.0	2,732.5
Other loans.....	196.4	143.9
Debt securities ⁽¹⁾	3,544.1	3,547.4
Total long-term unsecured debt.....	¥ 6,509.4	¥ 6,593.6

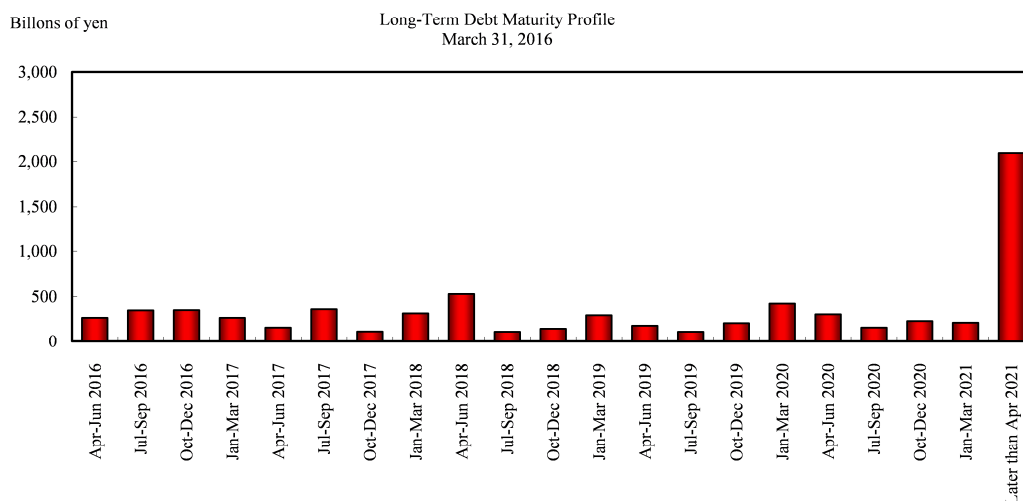
(1) Excludes long-term debt securities issued by consolidated special purpose entities and similar entities that meet the definition of variable interest entities under ASC 810 "Consolidation" and secured financing transactions recognized within Long-term borrowings as a result of transfers of financial assets that are accounted for as financings rather than sales in accordance with ASC 860 "Transfer and Servicing".

During the year ended 31 March 2016, NHI issued ¥55 billion of domestic senior notes bonds and ¥165 billion of unsecured perpetual subordinated bonds with write-down clause.

3.3 Maturity Profile

Nomura also seeks to maintain an average maturity for its plain vanilla debt securities and borrowings greater than or equal to three years. The average maturity for Nomura's plain vanilla debt securities and borrowings with maturities longer than one year was 4.0 years as of 31 March 2016. A significant amount of its structured loans and structured notes are linked to interest rates, currencies, equities, commodities, or related indices. These maturities are evaluated based on internal models and monitored by Global Treasury. Where there is a possibility that these may be called prior to their scheduled maturity date, maturities are based on Nomura's internal stress option adjusted model. This model values the embedded optionality under stress market conditions in order to determine when the debt securities or borrowing is likely to be called.

On this basis, the average maturity of structured loan and structured notes with maturities longer than one year was 6.9 years as of 31 March 2016. The average maturity of its entire long-term debt with maturities longer than one year including plain vanilla debt securities and borrowings, was 5.0 years as of 31 March 2016. The graph below shows the distribution of maturities of its outstanding long-term debt securities and borrowings.



Redemption schedule is individually estimated by considering the probability of redemption.

3.4 Secured Borrowings

Nomura typically funds its trading activities on a secured basis through secured borrowings, repurchase agreements and Japanese “Gensaki Repo” transactions. Nomura believes these funding activities in the secured markets are more cost-efficient and less credit-rating sensitive than financing in the unsecured market. Also, repurchase agreements tend to be short-term, often overnight. Nomura lowers the liquidity risks arising from secured funding by transacting with a diverse group of global counterparties, delivering various types of securities collateral, and actively seeking long-term agreements.

4. Management of Credit Lines to Nomura Group Entities

Nomura maintains and expands credit lines to Nomura Group entities from other financial institutions to secure stable funding. Nomura ensures that the maturity dates of borrowing agreements are distributed evenly throughout the year in order to prevent excessive maturities in any given period.

5. Implementation of Liquidity Stress Tests

Nomura maintains its liquidity portfolio and monitor the sufficiency of its liquidity based on an internal model which simulates changes in cash outflow under specified stress scenarios to comply with its above mentioned liquidity management policy.

Nomura assesses the liquidity requirements of the Nomura Group under various stress scenarios with differing levels of severity over multiple time horizons. Nomura evaluates these requirements under Nomura-specific and broad market-wide events, including potential credit rating downgrades at NHI and subsidiary levels that may impact Nomura by loss of access to unsecured capital markets, additional collateral posting requirements, limited or no access to secured funding markets and other events. Nomura calls this risk analysis its Maximum Cumulative Outflow (“MCO”) framework.

The MCO framework is designed to incorporate the primary liquidity risks for Nomura and models the relevant future cash flows in the following two primary scenarios:

- *Stressed scenario*—To maintain adequate liquidity during a severe market-wide liquidity event without raising funds through unsecured financing or through the liquidation of assets for a year; and
- *Acute stress scenario*—To maintain adequate liquidity during a severe market-wide liquidity event coupled with credit concerns regarding Nomura’s liquidity position, without raising funds through unsecured funding or through the liquidation of assets for one month.

Nomura assumes that Nomura will not be able to liquidate assets or adjust its business model during the time horizons used in each of these scenarios. The MCO framework therefore defines the amount of liquidity required to be held in order to meet Nomura's expected liquidity needs in a stress event to a level Nomura believes appropriate based on its liquidity risk appetite.

As of 31 March 2016, Nomura's liquidity portfolio exceeded net cash outflows under the stress scenarios described above.

Nomura constantly evaluates and modifies its liquidity risk assumptions based on regulatory and market changes. The model Nomura uses in order to simulate the impact of stress scenarios includes the following assumptions:

- No liquidation of assets;
- No ability to issue additional unsecured funding;
- Upcoming maturities of unsecured debt (maturities less than one year);
- Potential buybacks of Nomura's outstanding debt;
- Loss of secured funding lines particularly for less liquid assets, over and above Nomura's cash capital estimates;
- Fluctuation of funding needs under normal business circumstances;
- Cash and collateral outflows in a stress event;
- Widening of haircuts on outstanding repo funding;
- Additional collateralization requirements of clearing banks and depositories;
- Drawdown on loan commitments;
- Loss of liquidity from market losses;
- Assuming a two-notch downgrade of Nomura's credit ratings, the aggregate fair value of assets that Nomura would be required to post as additional collateral in connection with its derivative contracts; and
- Legal and regulatory requirements that can restrict the flow of funds between entities in the Nomura Group.

6. *Contingency Funding Plan*

Nomura has developed a detailed contingency funding plan to integrate liquidity risk control into its comprehensive risk management strategy and to enhance the quantitative aspects of its liquidity risk control procedures. As a part of Nomura's Contingency Funding Plan ("CFP"), Nomura has developed an approach for analyzing and quantifying the impact of any liquidity crisis. This allows Nomura to estimate the likely impact of both Nomura-specific and market-wide events; and specifies the immediate action to be taken to mitigate any risk. The CFP lists details of key internal and external parties to be contacted and the processes by which information is to be disseminated. This has been developed at a legal entity level in order to capture specific cash requirements at the local level—it assumes that Nomura's parent company does not have access to cash that may be trapped at a subsidiary level due to regulatory, legal or tax constraints. Nomura periodically tests the effectiveness of its funding plans for different Nomura-specific and market-wide events. Nomura also has access to central banks including, but not exclusively, the BOJ, which provide financing against various types of securities. These operations are accessed in the normal course of business and are an important tool in mitigating contingent risk from market disruptions.

Liquidity Regulatory Framework

In 2008, the Basel Committee published "Principles for Sound Liquidity Risk Management and Supervision". To complement these principles, the Committee has further strengthened its liquidity framework by developing

two minimum standards for funding liquidity. These standards have been developed to achieve two separate but complementary objectives.

The first objective is to promote short-term resilience of a financial institution's liquidity risk profile by ensuring that it has sufficient high-quality liquid assets to survive a significant stress scenario lasting for one month. The Committee developed the Liquidity Coverage Ratio (the **LCR**) to achieve this objective.

The second objective is to promote resilience over a longer time horizon by creating additional incentives for financial institutions to fund their activities with more stable sources of funding on an ongoing basis. The Net Stable Funding Ratio (the **NSFR**) has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities.

These two standards are comprised mainly of specific parameters which are internationally "harmonized" with prescribed values. Certain parameters, however, contain elements of national discretion to reflect jurisdiction-specific conditions.

In Japan, the regulatory notice on the LCR, based on the international agreement issued by the Basel Committee with necessary national revisions, was published by the FSA (on 31 October 2014). The notices have been implemented since the end of March 2015 with phased-in minimum standards. Average of Nomura's month-end LCRs for the three months ended 31 March 2016 was 175.8%, and Nomura was compliant with requirements of the above notices. As for the NSFR, the international agreement was issued by the Basel Committee in October 2014, and the ratio is planned to be implemented as minimum standards in Japan in 2018.

Cash Flows

Nomura's cash flows are primarily generated from operating activities undertaken in connection with its client flows and trading and from financing activities which are closely related to such activities. As a financial institution, growth in operations tends to result in cash outflows from operating activities as well as investing activities. For the year ended March 2015, Nomura recorded net cash outflows from operating activities and net cash inflows from investing activities. For the year ended March 2016, Nomura recorded net cash inflows from operating activities and net cash outflows from investing activities as discussed in the comparative analysis below.

The following table presents the summary information on its consolidated cash flows for the years ended 31 March 2015 and 2016.

	Billions of yen	
	Year Ended 31 March	
	2015	2016
Net cash provided by (used in) operating activities	¥ (77.0)	¥ 1,238.4
Net income	226.0	142.6
Trading assets and private equity investments	2,917.9	248.5
Trading liabilities	(1,731.1)	(2,280.0)
Securities purchased under agreements to resell, net of securities sold under agreements to repurchase	(1,251.3)	1,605.7
Securities borrowed, net of securities loaned	(221.3)	1,762.2
Other, net	(17.2)	(240.6)
Net cash provided by (used in) investing activities	12.3	(23.7)
Net cash provided by (used in) financing activities	(178.2)	986.4
Long-term borrowings, net	(193.8)	95.9
Increase in deposits received at banks, net	140.6	1,010.1
Other, net	(124.9)	(119.6)
Effect of exchange rate changes on cash and cash equivalents	68.5	(40.2)
Net increase (decrease) in cash and cash equivalents	(174.4)	2,160.9
Cash and cash equivalents at beginning of the year	1,489.8	1,315.4
Cash and cash equivalents at end of the year	<u>¥ 1,315.4</u>	<u>¥ 3,476.3</u>

For the year ended 31 March 2016, Nomura's cash and cash equivalents increased by ¥2,160.9 billion to ¥3,476.3 billion. Net cash of ¥986.4 billion was provided by financing activities due to net cash inflows of ¥1,010.1 billion from Deposits received at banks. As part of trading activities, while there were net cash outflows of ¥2,031.5 billion from cash inflows due to a decrease in Trading assets and Private equity

investments in combination with cash outflows due to a decrease in Trading liabilities, they were offset by ¥3,367.8 billion of net cash inflows from repo transactions and securities borrowed and loaned transactions such as Securities purchased under agreements to resell, Securities sold under agreements to repurchase, and Securities borrowed, net of Securities loaned. As a result, net cash of ¥1,238.4 billion was provided by operating activities.

For the year ended 31 March 2015, Nomura's cash and cash equivalents decreased by ¥174.4 billion to ¥1,315.4 billion. Net cash of ¥178.2 billion was used in financing activities due to net cash outflows of ¥193.8 billion from Long-term borrowings. As part of trading activities, while there were net cash inflows of ¥1,186.8 billion from cash outflows due to a decrease in Trading liabilities in combination with cash inflows due to a decrease in Trading assets and Private equity investments, they were offset by ¥1,472.6 billion of net cash outflows from repo transactions and securities borrowed and loaned transactions such as Securities purchased under agreements to resell, Securities sold under agreements to repurchase, and Securities borrowed, net of Securities loaned. As a result, net cash of ¥77.0 billion was used in operating activities.

Balance Sheet and Financial Leverage

Total assets as of 31 March 2016, were ¥41,090.2 billion, a decrease of ¥693.1 billion compared with ¥41,783.2 billion as of 31 March 2015, reflecting primarily due to a decrease in Securities borrowed. Total liabilities as of 31 March 2016, were ¥38,347.2 billion, a decrease of ¥691.1 billion compared with ¥39,038.3 billion as of 31 March 2015, reflecting primarily due to a decrease in Trading liabilities. NHI shareholders' equity as of 31 March 2016, was ¥2,700.2 billion, a decrease of ¥7.5 billion compared with ¥2,707.8 billion as of 31 March 2015, primarily due to a decrease in Accumulated other comprehensive income (loss).

Nomura seeks to maintain sufficient capital at all times to withstand losses due to extreme market movements. The EMB is responsible for implementing and enforcing capital policies. This includes the determination of Nomura's balance sheet size and required capital levels. Nomura continuously reviews its equity capital base to ensure that it can support the economic risk inherent in its business. There are also regulatory requirements for minimum capital of entities that operate in regulated securities or banking businesses.

As leverage ratios are commonly used by other financial institutions similar to Nomura, Nomura voluntarily provides a Leverage ratio and Adjusted leverage ratio primarily for benchmarking purposes so that users of its annual report can compare its leverage against other financial institutions. Adjusted leverage ratio is a non-GAAP financial measure that Nomura considers to be a useful supplemental measure of leverage.

The following table presents NHI shareholders' equity, total assets, adjusted assets and leverage ratios as of 31 March 2015 and 2016.

	Billions of yen, except ratios	
	31 March	
	2015	2016
NHI shareholders' equity	¥ 2,707.8	¥ 2,700.2
Total assets	41,783.2	41,090.2
Adjusted assets ⁽¹⁾	25,063.7	26,012.5
Leverage ratio ⁽²⁾	15.4 x	15.2 x
Adjusted leverage ratio ⁽³⁾	9.3 x	9.6 x

(1) Represents total assets less *Securities purchased under agreements to resell* and *Securities borrowed*. Adjusted assets is a non-GAAP financial measure and is calculated as follows:

	Billions of yen	
	31 March	
	2015	2016
Total assets	¥ 41,783.2	¥ 41,090.2
Less:		
Securities purchased under agreements to resell	8,481.5	9,205.2
Securities borrowed	8,238.0	5,872.5
Adjusted assets	¥ 25,063.7	¥ 26,012.5

(2) Equals total assets divided by NHI shareholders' equity.

(3) Equals adjusted assets divided by NHI shareholders' equity.

Total assets decreased by 1.7% reflecting primarily a decrease in Securities borrowed. Total NHI shareholders' equity decreased by 0.3% reflecting primarily a decrease in Accumulated other comprehensive income (loss). As a result, Nomura's leverage ratio went down from 15.4 times as of 31 March 2015 to 15.2 times as of 31 March 2016.

Adjusted assets increased primarily due to an increase in Cash and cash equivalents. As a result, Nomura's adjusted leverage ratio was 9.3 times as of 31 March 2015 and 9.6 times as of 31 March 2016.

Capital Management

Capital Management Policy

Nomura seeks to enhance shareholder value and to capture growing business opportunities by maintaining sufficient levels of capital. Nomura will continue to review its levels of capital as appropriate, taking into consideration the economic risks inherent to operating its businesses, the regulatory requirements, and maintaining its ratings necessary to operate businesses globally.

Dividends

Nomura believes that raising corporate value over the long term and paying dividends is essential to rewarding shareholders. Nomura will strive to pay dividends using a consolidated pay-out ratio of 30 percent of each semi-annual consolidated earnings as a key indicator.

Dividend payments are determined taking into account a comprehensive range of factors such as the tightening of Basel regulations and other changes to the regulatory environment as well as NHI's consolidated financial performance.

Dividends will in principle be paid on a semi-annual basis with record dates of 30 September and 31 March.

With respect to retained earnings, in order to implement measures to adapt to regulatory changes and to increase shareholder value, Nomura seeks to efficiently invest in business areas where high profitability and growth may reasonably be expected, including the development and expansion of infrastructure.

Nomura considers repurchases of treasury stock as an option in its financial strategy to respond quickly to changes in the business environment and to increase shareholder value. Nomura makes announcements immediately after any decision to set up a share buyback program and conduct such programs in accordance with internal guidelines.

Dividends for the Fiscal Year

The following table sets forth the amounts of dividends per share paid by Nomura in respect of the periods indicated:

Fiscal year ended or ending 31 March	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2011	¥ —	¥ 4.00	¥ —	¥ 4.00	¥ 8.00
2012	—	4.00	—	2.00	6.00
2013	—	2.00	—	6.00	8.00
2014	—	8.00	—	9.00	17.00
2015	—	6.00	—	13.00	19.00
2016	—	10.00	—	3.00	13.00

Consolidated Regulatory Capital Requirements

The FSA established the "Guideline for Financial Conglomerates Supervision" ("Financial Conglomerates Guideline") in June 2005 and set out the rules on consolidated regulatory capital. Nomura started monitoring its consolidated capital adequacy ratio in accordance with the Financial Conglomerates Guideline from April 2005.

NHI has been assigned by the FSA as a Final Designated Parent Company who must calculate a consolidated capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company in April 2011. Since then, Nomura has been calculating its consolidated capital adequacy ratio according to the Capital Adequacy Notice on Final Designated Parent Company. The Capital Adequacy Notice on Final Designated

Parent Company has been revised to be in line with Basel 2.5 and Basel III since then. Nomura has calculated a Basel III-based consolidated capital adequacy ratio from the end of March 2013. Basel 2.5 includes significant change in calculation method of market risk and Basel III includes redefinition of capital items for the purpose of requiring higher quality of capital and expansion of the scope of credit risk-weighted assets calculation.

In accordance with Article 2 of the Capital Adequacy Notice on Final Designated Parent Company, Nomura's consolidated capital adequacy ratio is currently calculated based on the amounts of common equity Tier 1 capital, Tier 1 capital (sum of common equity Tier 1 capital and additional Tier 1 capital), total capital (sum of Tier 1 capital and Tier 2 capital), credit risk-weighted assets, market risk and operational risk. As of 31 March 2016, Nomura's common equity Tier 1 capital ratio (common equity Tier 1 capital divided by risk-weighted assets) is 15.4%, Tier 1 capital ratio (Tier 1 capital divided by risk-weighted assets) is 16.1% and consolidated capital adequacy ratio (total capital divided by risk-weighted assets) is 18.1% and Nomura was in compliance with the requirement for each ratio set out in the Capital Adequacy Notice on Final Designated Parent Company, etc. (required level including applicable minimum consolidated capital buffers as of 31 March 2016 is 5.25% for the common equity Tier 1 capital ratio, 6.75% for the Tier 1 capital ratio and 8.75% for the consolidated capital adequacy ratio).

The following table presents NHI's consolidated capital adequacy ratios as of 31 March 2015 and 2016.

	Billions of yen, except ratios			
	31 March			
	2015		2016	
Common equity Tier 1 capital.....	¥	2,459.2	¥	2,469.4
Tier 1 capital		2,459.2		2,577.5
Total capital		2,820.4		2,900.6
Risk-Weighted Assets				
Credit risk-weighted assets		9,112.6		7,872.0
Market risk equivalent assets		7,113.0		5,307.4
Operational risk equivalent assets		2,703.5		2,791.2
Total risk-weighted assets	¥	18,929.2	¥	15,970.5
Consolidated Capital Adequacy Ratios				
Common equity Tier 1 capital ratio		12.9%		15.4%
Tier 1 capital ratio		12.9%		16.1%
Consolidated capital adequacy ratio.....		14.8%		18.1%

Common equity Tier 1 capital, additional Tier 1 capital and Tier 2 capital are calculated by deducting regulatory adjustment item from basic capital item for each capital class, respectively. Each capital item and regulatory adjustment is defined in the Capital Adequacy Notice on Final Designated Parent Company and these new definitions of capital came into effect with transitional measures.

Since the end of March 2011, Nomura has been calculating credit risk-weighted assets and operational risk equivalent assets by using the foundation Internal Ratings-Based Approach and the Standardized Approach, respectively, with the approval of the FSA. Furthermore, Market risk equivalent assets are calculated by using the Internal Models Approach for market risk.

Nomura provides consolidated capital adequacy ratios not only to demonstrate that Nomura is in compliance with the requirements set out in the Capital Adequacy Notice on Final Designated Parent Company but also for benchmarking purposes so that users of this annual report can compare its capital position against those of other financial groups to which Basel III is applied. Management receives and reviews these capital ratios on a regular basis.

Consolidated Leverage Ratio Requirements

In March 2015, the FSA set out requirements for the calculation and disclosure of a consolidated leverage ratio, through amendments revising "Specification of items which a final designated parent company should disclose on documents to show the status of its sound management" (2010 FSA Regulatory Notice No. 132; "Notice on Pillar3 Disclosure") and the publication of "Consolidated Leverage Ratio prescribed by Commissioner of Financial Services Agency in accordance with Article 3, paragraph 1 of Pillar3 Notice" (2015 FSA Regulatory Notice No. 11; "Notice on Consolidated Leverage Ratio"). Nomura started calculating and disclosing a consolidated leverage ratio from 31 March 2015 in accordance with the Notice on Pillar3 Disclosure and Notice

on Consolidated Leverage Ratio. Management receives and reviews this consolidated leverage ratio on a regular basis. As of 31 March 2016, Nomura's consolidated leverage ratio was 4.28%.

Regulatory changes which affect Nomura

The Basel Committee has issued a series of announcements regarding a Basel III program designed to strengthen the regulatory capital framework in light of weaknesses revealed by the financial crises. The following is a summary of the proposals which are most relevant to Nomura.

On 16 December, 2010, in an effort to promote a more resilient banking sector, the Basel Committee issued Basel III, that is, "International framework for liquidity risk measurement, standards and monitoring" and "A global regulatory framework for more resilient banks and banking systems". They include raising the quality, consistency and transparency of the capital base; strengthening the risk coverage of the capital framework such as the implementation of a credit value adjustment ("CVA") charge for OTC derivative trades; introducing a leverage ratio requirement as a supplemental measure to the risk-based framework; introducing a series of measures to address concerns over the "procyclicality" of the current framework; and introducing a minimum liquidity standard including a 30-day liquidity coverage ratio as well as a longer-term structural liquidity ratio. These standards were implemented from 2013, which includes transitional treatment, (i.e. they are phased in gradually from 2013). In addition, the Basel Committee has issued interim rules for the capitalization of bank exposures to central counterparties ("CCPs") on 25 July, 2012, which came into effect in 2013 as part of Basel III. Moreover, in addition to Basel III leverage ratio framework under which Nomura started the calculation and disclosure of consolidated leverage ratio as above, a series of final standards on the regulatory frameworks such as capital requirements for banks' equity investments in funds, the standardized approach for measuring counterparty credit risk exposures, capital requirements for bank exposures to CCPs, supervisory framework for measuring and controlling large exposures, Basel III: The Net Stable Funding Ratio and revisions to the securitization framework, and revised framework for market risk capital requirements have been published by the Basel Committee.

At the G-20 summit in November 2011, the Financial Stability Board ("FSB") and the Basel Committee announced the list of global systemically important banks ("G-SIBs") and the additional requirements to the G-SIBs including the recovery and resolution plan. The group of G-SIBs have been updated annually and published by the FSB each November. Since November 2011, Nomura has not been designated as a G-SIBs. On the other hand, the FSB and the Basel Committee were asked to work on extending the framework for G-SIBs to domestic systemically important financial institutions ("D-SIBs") and the Basel Committee developed and published a set of principles on the assessment methodology and the higher loss absorbency requirement for D-SIBs. In December 2015, the FSA identified Nomura as a D-SIB and required additional capital charge of 0.5% after March 2016, with 3-year transitional arrangement.

It is likely that the FSA's regulation and notice will be revised further to be in line with a series of rules and standards proposed by the Basel Committee, FSB or International Organization of Securities Commissions.

Competition

The financial services industry is intensely competitive and Nomura expects it to continue remain so. Nomura competes globally with other brokers and dealers, investment banking firms, commercial banks, investment advisors and other financial services firms. Nomura also faces competition on regional, product and niche bases from local and specialist firms. A number of factors determine Nomura's competitive position against other firms, including:

- the quality, range and prices of Nomura's products and services,
- Nomura's ability to originate and develop innovative client solutions,
- Nomura's ability to maintain and develop client relationships,
- Nomura's ability to access and commit capital resources,
- Nomura's ability to retain and attract qualified employees, and
- Nomura's general reputation.

Nomura's competitive position is also affected by the overall condition of the global financial markets, which are influenced by factors such as:

- the monetary and fiscal policies of national governments and international economic organizations, and
- economic developments both within and between Japan, the U.S., Europe and other major industrialized and developing countries and regions.

In Japan, Nomura competes with other Japanese and non-Japanese securities companies and other financial institutions. Competition has become more intense due to deregulation in the Japanese financial industry since the late 1990s and the increased presence of global securities companies and other financial institutions. In particular, major global firms have increased their presence in securities underwriting, corporate advisory services (particularly, mergers and acquisitions advisory) and secondary securities sales and trading.

There has also been substantial consolidation and convergence among financial institutions, both within Japan and globally and this trend accelerated further in recent years as the credit crisis caused mergers and acquisitions and asset acquisitions in the industry. The growing presence and scale of financial groups which encompass commercial banking, securities brokerage, investment banking and other financial services has led to increased competition. Through their broadened offerings, these firms are able to create good client relationships and leverage their existing client base in the brokerage and investment banking business as well.

In addition to the breadth of their products and services, these firms have the ability to pursue greater market share in investment banking and securities products by reducing margins and relying on their commercial banking, asset management, insurance and other financial services activities. This has resulted in pricing pressure in Nomura's investment banking and trading businesses and could result in pricing pressure in other areas of its businesses. Nomura has also competed, and expect to compete, with other financial institutions which commit capital to businesses or transactions for market share in investment banking activities. In particular, corporate clients may seek loans or commitments in connection with investment banking mandates and other assignments.

Moreover, the trend toward consolidation and convergence has significantly increased the capital base and geographic reach of some of Nomura's competitors, hastening the globalization of the securities and financial services markets. To accommodate this trend, Nomura will have to compete successfully with financial institutions that are large and well-capitalized, and that may have a stronger local presence and longer operating history outside Japan.

Organisational Structure

The following table lists NHI and its significant subsidiaries and their respective countries of incorporation. Indentation indicates the principal parent of each subsidiary. Proportions of ownership interest include indirect ownership.

Name	Country	Ownership Interest (%)
Nomura Holdings, Inc.	Japan	—
Nomura Securities Co., Ltd.	Japan	100
Nomura Asset Management Co., Ltd.	Japan	100
The Nomura Trust & Banking Co., Ltd.	Japan	100
Nomura Babcock & Brown Co., Ltd.	Japan	100
Nomura Capital Investment Co., Ltd.	Japan	100
Nomura Investor Relations Co., Ltd.	Japan	100
Nomura Financial Partners Co., Ltd.	Japan	100
Nomura Funds Research and Technologies Co., Ltd.	Japan	100
Nomura Research & Advisory Co., Ltd.	Japan	100
Nomura Business Services Co., Ltd.	Japan	100
Nomura Facilities, Inc.	Japan	100
Nomura Institute of Capital Markets Research	Japan	100
Nomura Healthcare Co., Ltd.	Japan	100
Nomura Agri Planning & Advisory Co., Ltd.	Japan	100
Nomura Land and Building Co., Ltd.	Japan	100
The Asahi Fire & Marine Insurance Co., Ltd.	Japan	53

Nomura Financial Products & Services, Inc.	Japan	100
Nomura Institute of Estate Planning	Japan	100
Nomura Holding America Inc.	U.S.	100
Nomura Securities International, Inc.	U.S.	100
Nomura Corporate Research and Asset Management Inc.	U.S.	100
Nomura Derivative Products Inc.	U.S.	100
Nomura America Mortgage Finance, LLC	U.S.	100
Nomura Global Financial Products, Inc.	U.S.	100
NHI Acquisition Holding, Inc.	U.S.	100
Instinet Incorporated	U.S.	100
Nomura Europe Holdings plc	U.K.	100
Nomura International plc	U.K.	100
Nomura Bank International plc	U.K.	100
Banque Nomura France	France	100
Nomura Bank (Luxembourg) S.A.	Luxemburg	100
Nomura Bank (Switzerland) Ltd.	Switzerland	100
Nomura Europe Finance N.V.	The Netherlands	100
Nomura Capital Markets Limited	U.K.	100
Nomura European Investment Limited	U.K.	100
Nomura Asia Holding N.V.	The Netherlands	100
Nomura International (Hong Kong) Limited	Hong Kong	100
Nomura Singapore Limited	Singapore	100
Nomura Australia Limited	Australia	100
P.T. Nomura Indonesia	Indonesia	96
Nomura Asia Investment (India Powai) Pte. Ltd.	Singapore	100
Nomura Services India Private Limited	India	100
Nomura Financial Advisory and Securities (India) Private Limited.....	India	100
Nomura Asia Investment (Fixed Income) Pte. Ltd.	Singapore	100
Nomura Asia Investment (Singapore) Pte. Ltd.	Singapore	100
Capital Nomura Securities Public Co., Ltd.	Thailand	86

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, July 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades, the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods. Pursuant to these circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the **Six Authorities**) a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the **Supervision List**). On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports. Following the above progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on the Supervision List would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (the **2013 PBOC Circular**) with the intent to improve the efficiency of cross-border Renminbi settlement and facilitate the use of RMB for the settlement of cross-border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

On 1 November 2014, the PBOC promulgated the Notice on Matters concerning Centralized Cross-Border RMB Fund Operation conducted by Multinational Enterprise Groups, which provides that qualified multinational enterprise groups (the **MEGs**) may carry out cross-border Renminbi fund centralised operations via a group member incorporated in the PRC, which operations include (i) two-way Renminbi cash-pooling arrangement and (ii) centralised receipt and payment of cross-border Renminbi under the current account. A qualified MEG shall have an aggregate revenue generated by domestic participating group members of no less than RMB 5 billion, and an aggregate revenue generated by foreign participating group members of no less than RMB 1 million. The group parent company of a qualified MEG may be incorporated in or outside of the PRC.

On 5 September 2015, PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (关于进一步便利跨国企业集团开展跨境双向人民币资金池业务的通知) (the **2015 PBOC Circular**), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone (Shanghai FTZ) may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool.

As new regulations, the above circulars and notice will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

On 29 September 2013, China (Shanghai) Pilot Free Trade Zone (the **Shanghai FTZ**) was officially opened for operation which covers an aggregated area of more than 28 square kilometres comprising four bonded zones in Shanghai. According to the master plan promulgated by the State Council and the local regulations promulgated by the Shanghai Municipal Government, a series of reforms are being and will be introduced to the Shanghai FTZ to, amongst others, upgrade cross-border trade, simplify customs procedures, liberalise foreign exchange control, improve convenient cross-border use of Renminbi and promote the internationalisation of Renminbi. On 2 December 2013, PBOC promulgated the “Opinions on Financial Support to China (Shanghai) Pilot Free Trade Zone” (關於金融支持中國（上海）自由貿易試驗區建設的意見) (the **PBOC FTZ Opinions**), which set more specific reforming plans to be implemented within the Shanghai FTZ with regard to, inter alia, (i) free cash flow among the free-trade accounts opened by enterprises resident in the Shanghai FTZ and several other types of non-resident and offshore accounts, (ii) expedited cross-border Renminbi settlement under current account items for enterprises/individuals in the Shanghai FTZ; and (iii) two-way Renminbi cash pooling arrangement which allows an enterprise resident in the Shanghai FTZ to provide centralised current account receipt/payment services for its affiliates within and outside of China. On 20 February 2014, the PBOC Shanghai headquarter promulgated the “Circular on Supporting the Expansion of Cross-Border Use of Renminbi for China (Shanghai) Pilot Free Trade Zone” (中國人民銀行上海總部關於支持中國(上海)自由貿易試驗區擴大人民幣跨境使用的通知) (the **FTZ RMB Expansion Circular**). The FTZ RMB Expansion Circular sets out in principle that any policies and measures promulgated at the state level to encourage or support the expansion of cross-border use of Renminbi shall be applicable to the FTZ. In furtherance to the reform plans contemplated in the PBOC FTZ Opinions, the FTZ RMB Expansion Circular provides a series of measures, including, inter alia, (i) individuals employed or operating business in the Shanghai FTZ may open its own bank settlement accounts to conduct cross border RMB settlements under current account items; (ii) enterprises resident in Shanghai FTZ may centralise/consolidate their cross border payments/receipts under the current account items with their offshore “associated entities” (which can be an affiliate of the relevant enterprise within the group or an entity outside the company group which is a frequent supplier or a close trading partner of the relevant enterprise) and, for that purpose, the group headquarter shall designate a group member registered and operating in the Shanghai FTZ which shall open a special RMB deposit account to be used for the above-mentioned centralised payments/receipts and enter into an agreement with the relevant parties participating in the centralised payment/receipt arrangements. Given the infancy stage of the Shanghai FTZ, it will take some time for the regulators to put in place detailed implementation rules guiding the practice. In addition, whether and if so when the reforms may be rolled out to other places of China remain uncertain.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities. However, as set out below, it has been announced that as from 1 June 2015, the capital account regulation in relation to direct investment has been delegated by the governmental authority (i.e. the local branches of the SAFE) to designated foreign exchange banks.

Prior to October 2011, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise

may be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7 April, 2011, the State Administration of Foreign Exchange (**SAFE**) issued the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the **SAFE Circular**), which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies. According to the 2013 PBOC Circular, upon enforcement of external guarantees in Renminbi provided by onshore non-financial enterprises, PRC banks may provide RMB settlement services (i.e. remittance of enforcement proceeds) directly, which seems to indicate that SAFE approval for enforcement (which would be required in the case of the external guarantees in foreign currencies) is no longer required. Furthermore, onshore non-financial enterprises can (via PRC banks) extend loans in Renminbi to offshore entities within the same group under Renminbi cash pooling arrangements and will no longer need to apply for a quota from SAFE. However, SAFE has not amended its positions under the SAFE Circular, nor has it issued any regulations to confirm the positions in the 2013 PBOC Circular. Therefore, there remain potential inconsistencies between the provisions of the SAFE Circular and the provisions of the 2013 PBOC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

On 13 October 2011, the PBOC issued the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (the **PBOC RMB FDI Measures**) which set out operating procedures for PRC banks to handle RMB settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore RMB loans. Prior to the PBOC RMB FDI Measures, cross-border RMB settlement for RMB FDI has required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. The PBOC RMB FDI Measures cover various aspects of RMB FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans. Foreign invested enterprises, whether established or acquired by foreign investors, shall complete the corporate information registration after the completion of relevant RMB FDI transactions, and shall make post-event registration or filing with the PBOC of increases or decreases in registered capital, equity transfers or swaps, merger or acquisition or other changes to registered information. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC RMB FDI Measures, which provides more detailed rules relating to cross-border Renminbi direct investments and settlement. PBOC further issued the Circular on the Relevant Issues on Renminbi Settlement of Investment in Onshore Financial Institutions by Foreign Investors on 23 September 2013, which provides further details for using Renminbi to invest in a financial institution domiciled in the PRC.

On 3 December 2013, the Ministry of Commerce of the PRC (**MOFCOM**) promulgated the "Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment" (the **MOFCOM Circular**), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Circular replaced the "Notice on Issues in relation to Cross-border Renminbi Foreign Direct Investment" promulgated by MOFCOM on 12 October 2011 (the **2011 MOFCOM Notice**). Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Renminbi Foreign Direct Investment" and the amount of capital contribution is required for each FDI. Unlike the 2011 MOFCOM Notice, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

On 13 February 2015, the SAFE promulgated the "Notice on Further Simplifying and Improving Foreign Exchange Management Policies on Foreign Direct Investment" (the **2015 SAFE Notice**), which became effective on 1 June 2015. Under the 2015 SAFE Notice, the SAFE delegates the authority for approval/registration of foreign currency (including cross-border Renminbi) related matters for direct investment (internal and external) to designated foreign exchange banks.

On 30 March 2015, SAFE promulgated the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (the **SAFE Circular**, together with the 2015 SAFE Notice, the **SAFE Rules**), which became effective on and from 1 June 2015. The SAFE Circular allows foreign-invested enterprises to settle 100 per cent. (tentative) of the foreign currency capital (that has been processed through SAFE's equity interest confirmation proceedings for capital contribution in cash or registered by a bank on SAFE's system for

account-crediting for such capital contribution) into Renminbi according to their actual operational needs, though SAFE reserves its authority to reduce the proportion of foreign currency capital that is allowed to be settled in such manner in the future. On the other hand, it is notable that the SAFE Circular continues to require that capital contributions should be applied within the business scope of the company for true and the company's own operational purposes; with respect to the Renminbi proceeds obtained through the aforementioned settlement, the SAFE Circular prohibits such proceeds from being applied outside the business scope of the company or for any prohibitive purposes in law, or applied directly or indirectly to securities investments (unless otherwise permitted in law), to granting entrusted loans or repaying of inter-company lending (including advance payment made by third parties) or bank loans that have been on lent to third parties, or to purchasing non-self-use real estates (unless it is a real estate company). In addition, the SAFE Circular allows foreign-invested investment companies, foreign-invested venture capital firms and foreign-invested equity investment companies to make equity investment through Renminbi funds to be settled, or those already settled, from their foreign currency capital by transferring such settled Renminbi funds into accounts of invested enterprises, according to the actual investment scale of the proposed equity investment projects.

On 5 June 2015, PBOC promulgated an order to revise certain existing PBOC regulations, which is to reflect the reform to a new registered capital system of PRC-incorporated companies under the PRC Company Law effective as of 1 March 2014 (the **PBOC Order**). Among other things, PBOC confirmed in the PBOC Order that capital verification of a foreign-invested enterprise under article 10 of the PBOC RMB FDI Measures is no longer a mandatory procedure before the establishment, and the requirement under the PBOC RMB FDI Notice that a foreign-invested enterprise is not allowed to borrow offshore RMB funds until its registered capital is paid up in full and as scheduled is also abolished.

On 5 September 2015, PBOC promulgated the 2015 PBOC Circular. According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estates, or purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement. Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot account-based settlement scheme within the prescribed macro prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to settle the foreign debt proceeds into Renminbi on a voluntary basis, provided that the proceeds should not be used beyond their business scope or in violation of relevant laws and regulations. Pilot schemes relating to cross-border Renminbi loans, bonds, or equity investments have also been launched for, among others, enterprises in Shenzhen Qianhai, Jiangsu Kunshan, Jiangsu Suzhou Industrial Park.

As new regulations, the above circulars, rules, measures and orders will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules. If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

TAXATION

General Taxation Information

The following information provided below does not purport to be a complete summary of the tax law and practise currently available. Potential purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of transactions involving Notes.

Purchasers and/or sellers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practises of the country of transfer in addition to the issue price or purchase price (if different) of the Notes.

Transactions involving Notes (including purchases, transfer or redemption), the accrual or receipt of any interest payable on the Notes and the death of a holder of any Note may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and inheritance tax.

Japanese Taxation

The payment of principal and interest in respect of the Notes issued by an Issuer to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax unless the receipt of the relevant payment is the income of such non-resident or non-Japanese corporation from sources in Japan. In the case of Guaranteed Notes, payment by the relevant Guarantor(s) under the Guarantee to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax payable by way of withholding. Furthermore, none of such payments will be subject to any other Japanese income or corporation tax, unless such non-resident or non-Japanese corporation has a permanent establishment in Japan and the payment is attributable to such permanent establishment.

Gains derived from the sale of Notes by a non-resident of Japan or a non-Japanese corporation not having a permanent establishment in Japan are not subject to Japanese income or corporation taxes. Japanese inheritance and gift taxes at progressive rates may be payable by a Japanese national, wherever resident, who has acquired Notes as legatee, heir or donee. No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Noteholders in connection with the issue of the Notes.

United Kingdom Taxation

The comments below are of a general nature based on current United Kingdom law and HM Revenue & Customs (HMRC) published practise relating to payments of interest on the Notes and are not intended to be exhaustive. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Any prospective Noteholders who are in doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

Payments of interest that does not have a United Kingdom source

Payments of interest on the Notes that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax.

Payments of interest that has a United Kingdom source

If interest paid on the Notes does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the following circumstances.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **ITA**). The Luxembourg Stock Exchange is

a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom income tax where the relevant Issuer is and continues to be a bank within the meaning of section 991 of the ITA, and provided that the interest on the Notes is and continues to be paid in the ordinary course of its business within the meaning of section 878 of the ITA.

Interest payable on the Notes with a maturity of less than 365 days from the date of issue and which do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days can be paid without withholding or deduction for or on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes which has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Annual and manufactured payments

References to “interest” in the preceding paragraphs are to interest as that term is used for United Kingdom taxation purposes. Some payments on the Notes could constitute either “annual payments” or “manufactured payments”.

Whether or not any periodic payment on a particular Note constitutes an “annual payment” and not “interest” for these purposes will depend on the terms and conditions of that Note and the basis upon which payments are calculated. Payments on a Note which constitute “annual payments” may in any event be made without deduction of or withholding on account of United Kingdom income tax if the payment does not have a United Kingdom source. If an annual payment paid on a Note were to have a United Kingdom source, then the relevant Issuer may (subject to reliefs and exemptions) be required to make a deduction of or withholding on account of United Kingdom income tax from such payment on account of United Kingdom income tax at the basic rate.

Payments on a Note could instead constitute “manufactured payments” if (i) the Note will or may settle by way of physical delivery; (ii) the assets which will or may be delivered are shares issued by a “company UK REIT” or the “principal company” of a “group UK REIT” or securities (other than shares) issued by the United Kingdom government, a local or other public authority in the United Kingdom or any other United Kingdom resident body; and (iii) the payments are representative of dividends on those shares, or interest paid on those securities (as the case may be). Payments on a Note which do constitute “manufactured payments” would in any event only be required to be made subject to deduction of or withholding on account of United Kingdom income tax if the Issuer is resident in the United Kingdom or makes those payments in the course of a trade carried on in the United Kingdom through a branch or agency, in which case the relevant Issuer may (subject to reliefs and exemptions) be required to make a deduction of or withholding on account of United Kingdom income tax from such payment on account of United Kingdom income tax at the basic rate.

Dutch taxation

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Notes issued on or after the date of this Base Prospectus and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the issuance to a particular holder of Notes will depend in part on such holder’s circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of the tax consequences of the issuance to him, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms “the Netherlands” and “Dutch” are used, these refer solely to the European part of the Kingdom of the Netherlands.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Base Prospectus. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Dutch taxation paragraph does not address the Dutch tax consequences for a holder of Notes who:

- (i) is a person who may be deemed an owner of Notes for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;
- (ii) is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from Notes;
- (iii) is an investment institution as defined in the Dutch Corporation Tax Act 1969;
- (iv) owns Notes in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or
- (v) has a substantial interest in NEF or a deemed substantial interest in NEF for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5% or more of the shares or of any class of shares of NEF, or rights to acquire, directly or indirectly, such an interest in the shares of NEF or profit participating certificates relating to 5% or more of the annual profits or to 5% or more of the liquidation proceeds of NEF, or (b) such person's shares, rights to acquire shares or profit participating certificates in NEF are held by him following the application of a non-recognition provision.

Withholding tax

All payments under Notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands, except where Notes are issued under such terms and conditions that such Notes are capable of being classified as equity of NEF for Dutch tax purposes or actually function as equity of NEF within the meaning of article 10, paragraph, 1 letter d of the Dutch Corporation Tax Act 1969 and where Notes are issued that are redeemable in exchange for, convertible into or linked to shares or other equity instruments issued or to be issued by NEF or an entity related to NEF.

Taxes on income and capital gains

Non-resident holders of Notes

Individuals

If a holder of Notes is an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Notes, except if:

- (i) he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Notes are attributable to such permanent establishment or permanent representative or
- (ii) he derives benefits or is deemed to derive benefits from or in connection with Notes that are taxable as benefits from miscellaneous activities performed in the Netherlands.

Corporate entities

If a holder of Notes is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident nor deemed to be resident in the Netherlands for purposes

of Dutch corporation tax, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Notes, except if:

- (i) it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and to which permanent establishment or permanent representative its Notes are attributable;
- (ii) it derives profits pursuant to a co-entitlement to the net value of such enterprise which is managed in the Netherlands, other than as a holder of securities, and to which its Notes are attributable.

General

A holder of Notes will not be deemed to be resident in the Netherlands for Dutch tax purposes by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by NEF of its obligations under such documents or under the Notes.

If a holder of Notes is neither resident nor deemed to be resident in the Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by NEF of its obligations under such documents or under Notes.

Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Notes by way of gift by, or upon the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Notes becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Notes made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

Value added tax

No Dutch value added tax will arise in respect of any payment in consideration for the issue of Notes or with respect to any payment by NEF of principal or interest on the Notes.

Registration taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Notes, the performance by NEF of its obligations under such documents or under Notes, or the transfer of Notes, except that Dutch real property transfer tax may be due upon an acquisition, in connection with Notes, of real property situated in the Netherlands, (an interest in) an asset that qualifies as real property situated in the Netherlands, or (an interest in) a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax or where Notes are issued under such terms and conditions that they represent (an interest in) an asset that qualifies as real property situated in the Netherlands, for the purposes of Dutch real property transfer tax.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a **foreign financial institution**, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated

as holding a “United States account” of the Issuer (a **Recalcitrant Holder**). Each Issuer and Guarantor is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which (A) with respect to Notes that give rise solely to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register and (B) with respect to Notes that give rise to a dividend equivalent pursuant to section 871(m) of the U.S. Internal Revenue Code of 1986, is the date that is six months after the date on which obligations of their type are first treated as giving rise to dividend equivalents, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the Model 1 and Model 2 IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an IGA (the **US-UK IGA**) based largely on the Model 1 IGA. The United States and Japan have entered into an IGA (the **US-Japan IGA**) based on the Model 2 IGA. The United States and the Netherlands have entered into an IGA (the **US-Netherlands IGA**) based largely on the Model 1 IGA.

If the Issuers and Guarantors are treated as Reporting FIs pursuant to the US-UK IGA, US-Japan IGA or US-Netherlands IGA, as applicable, they do not anticipate that they will be obliged to deduct any FATCA Withholding on payments they make. There can be no assurance, however, that the Issuers and Guarantors will be treated as Reporting FIs, or that they would in the future not be required to deduct FATCA Withholding from payments they make. Each of the Issuers, Guarantors and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together, the **ICSDs**), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by any Issuer, any Guarantor, any paying agent, the common depositary or the common safekeeper, given that each of the entities in the payment chain between the Issuers and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

Notwithstanding this, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuers obligations under the Notes are discharged once they have made payment to, or to the order of, the common depositary or common

safekeeper for the ICSDs (as bearer of the Notes), and the Issuers therefore have no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance, the US-UK IGA and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

Hiring Incentives to Restore Employment Act

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the U.S. Internal Revenue Code of 1986 which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30 per cent. U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Proposed U.S. Treasury regulations expand the scope of withholding under Section 871(m) beginning 1 January 2016.

While significant aspects of the application of Section 871(m) to the Notes are uncertain, if the Issuers or any withholding agent determines that withholding is required, neither the Issuers nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated dealer agreement dated 16 September 2016 (as amended, supplemented and/or restated from time to time (the **Dealer Agreement**)), agreed with each of the Issuers and the Guarantors, a basis upon which the Dealers or any of them may from time to time agree to purchase Notes from the Issuer. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*” above. In the Dealer Agreement, the relevant Issuer, failing which (in the case of Guaranteed Notes) the Guarantor(s), has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The relevant Issuer may also agree to issue Notes to persons other than the Dealers on, and subject to, the terms of the Dealer Agreement.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States 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, or not subject to the registration requirements of the Securities Act.

Each Dealer has represented, warranted, undertaken and agreed and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes of any Tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes 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 Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in the two preceding paragraphs 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 Notes of the Tranche of which such Notes are a part, an offer or sale of Notes of such Tranche within the United States by any dealer (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 Notes 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each issue of Index Linked Notes, Equity Linked Notes, Foreign Exchange Linked Notes, Dual Currency Notes, Credit Linked Notes and Exchangeable Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer shall agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms. Each Dealer has agreed and, if different, the relevant Dealer in respect of each such issue will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme 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 Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto 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 such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; or

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer(s) nominated by the relevant Issuer for any such offer; or

(c) at any time in any other circumstances pursuant to Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the relevant Issuer or any Dealer 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 Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, 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 (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (i) in relation to any Notes issued by NEF which have a maturity of less than one year, (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 Notes 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 agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Notes in circumstances in which section 21(1) of the FSMA does not or, in the case of NBI, would not if it were not an authorised person, apply to the relevant Issuer or, in the case of Guaranteed Notes, the Guarantor(s); and
- (iii) 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 Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any 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 FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has complied and will comply with the requirement under the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) that Bearer Zero Coupon Notes and other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act may only be transferred or accepted through the intermediary of either the relevant Issuer or a Member of Euronext Amsterdam N.V. with due observance of the Dutch Savings Certificates Act (including registration requirements). However, no such intermediary services are required in respect of (i) the initial issue of those Notes to the first holders thereof, (ii) any transfer and acceptance by individuals who do not act in the conduct of a profession or trade, and (iii) the

transfer or acceptance of those Notes, if they are physically issued outside the Netherlands and are not distributed in the Netherlands in the course of primary trading or immediately thereafter.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall include in:

- (a) any offer of Notes to the public in the Netherlands other than an offer:
 - (i) in respect of which a prospectus (and any supplement if required) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the **AFM**) (or, where appropriate, by the competent authority in another Member State of the European Economic Area which has implemented the Prospectus Directive and notified to the AFM in accordance with the Prospectus Directive) been made generally available; or
 - (ii) only to qualified investors as defined in the Prospectus Directive; and
- (b) any advertisement relating to such an offer, and any document in which the prospect of such offer is held out;

that:

- (A) no prospectus approved by the AFM has been or will be made generally available; and
- (B) such offer is not supervised by the AFM;

in such manner as prescribed by the AFM from time to time.

For purposes of this provision the expression **Prospectus Directive** shall have the meaning set out under "Public Offer Selling Restriction under the Prospectus Directive".

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme 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 Notes (except for Notes which are "structured products" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the **SFO**) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**) or which do not constitute an offer to the public within the meaning of the Companies 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 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or "professional investors" as defined in the SFO and any rules made under the SFO.

The PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by the securities laws of the PRC.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus or other information in relation to the Programme or the issue of any Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes 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 none of the Issuers, the Guarantors or any other Dealer shall have any responsibility therefor.

None of the Issuers, the Guarantors or any Dealer represents that Notes 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.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes under the Programme by NBI have been duly authorised by resolutions of the Business Product Review Committee of NBI dated 5 September 2016.

The update of the Programme and the issue of Notes under the Programme by NEF have been duly authorised by a resolution of the Managing Board dated 13 September 2016 and a resolution of its shareholder NHI dated 13 September 2016.

The issuance of Notes under the Programme has been duly authorised by decisions of the Executive Managing Director and Chief Financial Officer of NHI dated 15 September 2016.

The giving of the Guarantee by NHI has been duly authorised by decisions of its Executive Managing Director and Chief Financial Officer of NHI dated 15 September 2016.

The giving of the Guarantee by NSC has been duly authorised by decisions of its Executive Managing Director and Financial Officer of NSC dated 15 September 2016.

Listing of Notes

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market and to listing on the Luxembourg Stock Exchange for a period of 12 months from the date of this Base Prospectus. The Programme will also be admitted for the listing of the Notes on the Tokyo Stock Exchange in its capacity as the market operator of the TOKYO PRO-BOND Market in accordance with the rules and regulations of the Tokyo Stock Exchange.

Notes may also be listed, quoted and/or traded on or by other stock exchanges, competent listing authorities and/or quotation systems.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available (free of charge) from the principal office of the Listing Agent in Luxembourg:

- (i) the constitutional documents of each of the Issuers and each of the Guarantors;
- (ii) the (a) audited consolidated annual financial statements of NBI prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (**IFRS**) for the financial year ended 31 March 2016; and (b) audited consolidated annual financial statements of NBI prepared in accordance with IFRS for the financial year ended 31 March 2015;
- (iii) the audited non-consolidated annual financial statements of NEF for the financial year ended 31 March 2016 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU IFRS) and Title 9 of Book 2 of the Dutch Civil Code and (b) the audited non-consolidated annual financial statements of NEF for the financial year ended 31 March 2015 prepared in accordance with EU IFRS and Title 9 of Book 2 of the Dutch Civil Code and (c) most recently available unaudited non-consolidated interim financial statements of NEF prepared in accordance with EU IFRS;
- (iv) the audited consolidated annual financial statements of NHI prepared in accordance with U.S. GAAP for the two most recent financial years (currently the two financial years ended 31 March 2016 and 2015) and the most recent publicly available unaudited consolidated quarterly financial statements of NHI (if any) prepared in accordance with U.S. GAAP;
- (v) the audited non-consolidated annual financial statements of NSC prepared in accordance with Japanese GAAP for the two most recent financial years (currently the two financial years ended 31 March 2016 and 2015) and the most recent publicly available unaudited quarterly non-consolidated financial statements of NSC (if any) prepared in accordance with Japanese GAAP and their English translations;

- (vi) the Dealer Agreement, the Agency Agreement, the Deed of Covenant, the Guarantee and the Schedule of Forms containing the forms of the Temporary and Permanent Global Notes, the definitive Notes, the Receipts, the Coupons and the Talons from time to time issuable under the Programme;
- (vii) a copy of this Base Prospectus;
- (viii) any future base prospectuses, information memoranda and supplements including Final Terms (save that the applicable Final Terms relating to an unlisted Note will only be available to a holder of such Note and such holder must produce evidence satisfactory to the relevant Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (ix) in the case of a syndicated issue of listed Notes, the syndication agreement (or equivalent document).

NSC and NEF currently do not publish consolidated financial statements.

Clearing Systems

The Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

Significant or Material Change

Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of any of the Issuers or Guarantors since 31 March 2016 and there has been no material adverse change in the financial position or prospects of any of the Issuers or Guarantors since 31 March 2016.

Legal Proceedings

The Nomura Group is involved in a number of actions and proceedings, which are either ordinary routine actions and proceedings and proceedings incidental to its business or not material to the Nomura Group. Based upon the information currently available to the Nomura Group and on the advice received from its legal counsel, NHI and NSC believe that the ultimate resolution of such actions and proceedings will not, in the aggregate, have any material adverse effect on the Nomura Group's financial condition or results of operations nor so far as NHI and NSC are aware are any such proceedings pending or threatened. However, an adverse outcome in certain of these matters could have a material adverse effect on the Nomura Group's consolidated results of operations or cash flows in a particular quarter or annual period.

Save for the matters set out in NHI's Form 20-F for the year ended 31 March 2015 at pages F-123 to F-128, NHI's Form 20-F for the year ended 31 March 2016 at pages F-123 to F-128 and NHI's Form 6-K dated 24 August 2016, containing an English translation of NHI's unaudited Quarterly Securities Report (including unaudited consolidated financial statements) as at and for the three months ended 30 June 2016 containing the unaudited consolidated financial statements at pages 103 to 107, the Nomura Group is not and has not been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which NHI and NSC are aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of NHI, NSC and/or their subsidiaries. None of the Issuers is, or has been involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuers or the Guarantors are aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position of any of the Issuers.

Auditors

The independent auditors of NBI are Ernst & Young LLP who have audited NBI's financial statements for the two financial years ended 31 March 2016 and 2015. Ernst & Young LLP are registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

The independent auditors of NEF are Ernst & Young Accountants LLP, of which the 'Registeraccountants' are members of the Royal Dutch Professional Organisation for Accountants, who have audited NEF's financial statements for the two financial years ended 31 March 2016 and 2015.

The independent auditors of NSC are Ernst & Young ShinNihon LLC, independent auditors, who have audited NSC's financial statements for the two financial years ended 31 March 2016 and 2015.

The independent auditors of NHI are Ernst & Young ShinNihon LLC, independent registered public accounting firm, who have audited NHI's financial statements for the two financial years ended 31 March 2016 and 2015.

ANNEX

FORMS OF FINAL TERMS

Applicable Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued by NBI under the Programme.

Nomura Bank International plc

[Title of relevant Series of Notes]

issued pursuant to the U.S.\$3,000,000,000

Euro Note Programme

[Date]

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated 16 September 2016. These Final Terms must be read in conjunction with such Base Prospectus.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 16 September 2016, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

1. (i) Issuer: Nomura Bank International plc
- (ii) Guarantor: [Not Applicable]
[The Notes are guaranteed by Nomura Holdings, Inc.]
2. (i) Series Number: []
- (ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) Tranche: []
5. (i) Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)
- (ii) Net proceeds: [] (required only for listed issues)

6. (i) Specified Denominations: []
- (Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
- (ii) Calculation Amount: [] *(If only one Specified Denomination, insert the Specified Denomination)*
- (If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: []
8. Maturity Date: *[Fixed rate - specify date/Floating rate - Interest Payment Date falling on or nearest to [specify date]]¹*
9. Interest Basis:
- [[] per cent. Fixed Rate]
 - [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
 - [Zero Coupon]
 - [Index Linked Interest]
 - [Foreign Exchange Linked Interest]
 - [Equity Linked Interest]
 - [Dual Currency Interest]
 - [Credit Linked]
 - [specify other]
 - (further particulars specified below)
10. Redemption/Payment Basis:
- [Redemption at par]
 - [Index Linked Redemption]
 - [Foreign Exchange Linked Redemption]
 - [Equity Linked Redemption]
 - [Dual Currency Redemption]
 - [Partly Paid]
 - [Instalments]
 - [Exchangeable]
 - [Credit Linked]
 - [specify other]
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: *[None/Investor Put/Issuer Call (further particulars specified below)]*
13. (i) [Status of the Notes:] *[Senior/other - give details and add appropriate provisions to terms and conditions if necessary]*
- (ii) Status of the Guarantee: [Senior]

¹ For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option.

14. Listing: [Luxembourg Euro MTF Market/TOKYO PRO-BOND Market/specify other/None]

(The Base Prospectus has not been approved as a Prospectus for the purposes of the Prospectus Directive and, accordingly, an admission to trading may not be applied for on any market in the EEA designated as a regulated market for the purposes of that Directive)

15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]

[(if payable other than annually, consider amending Condition 5)]

(ii) Interest Payment Date(s): [] in each year [up to and including the Maturity Date/specify other]²

(N.B. This will need to be amended in the case of long or short coupons)

(iii) Fixed Coupon Amount(s): [Not Applicable/[] per Calculation Amount]³

(iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []

[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[s] and the Interest Payment Date(s) to which they relate]

(v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)⁴ or specify other]

(vi) Determination Date(s): [[] in each year/Not Applicable]

[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]

² For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification and the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, Business Day means a day (other than a Saturday, Sunday or public holiday) 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 Hong Kong and Beijing.”

³ For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards.”

⁴ Applicable to Renminbi denominated Fixed Rate Notes.

NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration

NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]

- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/ specify other]
- (v) Calculation Agent responsible for calculating the Rate of Interest and Interest Amount: [Nomura Bank (Luxembourg) S.A./ Nomura International plc /specify other]
- (vi) Screen Rate Determination: [Condition 5(b)(ii)(B) applies/Not Applicable]
- Interest Determination Date: []

[(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), the first day of the Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)]
 - Relevant Screen Page: [Specify relevant screen page]

(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)
 - Reference Rate: [Either LIBOR, EURIBOR or other, although additional information is required if other – including fall back provisions in the Agency Agreement]
- (vii) ISDA Determination: [Condition 5(b)(ii)(A) applies/Not Applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []

- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA) / Actual/Actual
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360 / 360/360 / Bond Basis
30E/360 / Eurobond Basis
30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 9(f)(iii) and 9(k) apply/specify other]
(Consider applicable Day Count Fraction if not U.S. dollar denominated)
19. **Index Linked Interest Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [Nomura Bank (Luxembourg) S.A./ Nomura International plc /specify other]
- (iii) Provisions applicable where calculation by reference to Index and/or Formula is impossible or impracticable: []
- (iv) Specified Period(s)/Specified Interest Payment Dates: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vi) Additional Business Centre(s): []
- (vii) Minimum Rate of Interest: [] per cent. per annum

- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: []
- (x) Other terms or special conditions: []
20. **Foreign Exchange Linked Interest Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub- paragraphs of this paragraph)*
- (i) Formula/method for calculating the interest due: [Specify formula or method]
- (ii) Provision for determining coupon where calculation by reference to (i) above is impossible or impracticable: [give details/See Annex/Not Applicable]
- (iii) Specified Period(s)/Specified Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (v) Additional Business Centre(s): []
- (vi) Interest Rate Determination Date: []
- (vii) Minimum Rate of Interest: [] per cent. per annum/Not Applicable]
- (viii) Maximum Rate of Interest: [] per cent. per annum/Not Applicable]
- (ix) Day Count Fraction: []
- (x) Other terms relating to the method of calculating rates or amounts the value of which is based upon a foreign exchange rate: [give details/See Annex/Not Applicable]
21. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub- paragraphs of this paragraph)*
- (i) Rate of exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the interest payable: [Nomura Bank (Luxembourg) S.A./Nomura International plc /specify other]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are []

payable:

- (v) Other terms relating to the method of calculating rates or amounts the value of which is based upon a foreign exchange rate: [give or annex details/Not Applicable]
22. **Equity Linked Interest Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Equity/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [Nomura Bank (Luxembourg) S.A./ Nomura International plc /specify other]
- (iii) Provisions applicable where calculation by reference to underlying formula is impossible or impracticable: []
- (iv) Specified Period(s)/Specified Interest Payment Dates: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vi) Additional Business Centre(s): []
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: []
- (x) Other terms or special conditions: []
23. **Credit Linked Note - Interest Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Entity/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [Nomura Bank (Luxembourg) S.A./Nomura International plc /specify other]
- (iii) Specified Period(s)/Specified Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (v) Additional Business Centre(s): []
- (vi) Minimum Rate of Interest: [] per cent. per annum
- (vii) Maximum Rate of Interest: [] per cent. per annum
- (viii) Day Count Fraction: []

24. **Other Notes - Interest Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the interest due: [Nomura Bank (Luxembourg) S.A./ Nomura International plc /specify other]
 - (iii) Specified Period(s)/Specified Interest Payment Dates: []
 - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
 - (v) Additional Business Centre(s): []
 - (vi) Minimum Rate of Interest: [] per cent. per annum
 - (vii) Maximum Rate of Interest: [] per cent. per annum
 - (viii) Day Count Fraction: []

PROVISIONS RELATING TO THE METHOD OF DETERMINING FOREIGN EXCHANGE

25. **Foreign Exchange Linked Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Spot Exchange Rate: [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate/ specify other]
 - (ii) Basis of determining foreign exchange rate: [FX Page [] /Fallback FX Page []/specify other]
 - (iii) FX Rate Determination Time: []
 - (iv) FX Rate Determination Date: [Interest Rate Determination Date/Redemption Amount Determination Date/(specify other)]
 - (v) Currency Pair: First Currency/Second Currency
 - (vi) First Currency: []
 - (vii) Second Currency: []
 - (viii) Specified Unit: [USD1.00/JPY1.00/EUR1.00/AUD1.00/GBP1.00/ (specify other)]

PROVISIONS RELATING TO REDEMPTION

26. **Issuer Call:** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/See Annex]

- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): [] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
27. Investor Put: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amounts(s): [[] per Calculation Amount/specify other/See Annex]
- (iii) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*
- (iv) Additional conditions/circumstances: []
28. Final Redemption Amount per Note: [[] per Calculation Amount/specify other/See Annex]
29. (i) Early Redemption Amount(s) per Note payable on redemption for taxation reasons, upon a regulatory event or on event of default and/or the method of calculating the same if required or if different from that set out in Condition 9(f): [[] per Calculation Amount/specify other/See Annex]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates: [Yes/No]
- (iii) Notice period (if other than as set out in the Conditions): []
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to*

consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

- (iv) Earliest date on which notice may be given (if other than as set out in the Conditions): []

(N.B. If setting deadlines which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other requirements which may apply, for example, as between the Issuer and the Agent)

30. Dual Currency Redemption Notes: [Not Applicable/See Annex [] to these Final Terms]
31. Index Linked Redemption Notes: [Not Applicable/See Annex [] to these Final Terms]
32. Foreign Exchange Linked Redemption Note [Not Applicable/See Annex [] to these Final Terms]
33. Equity Linked Redemption Notes: [Not Applicable/See Annex [] to these Final Terms]
34. Credit Linked Notes: [Not Applicable/See Annex [] to these Final Terms]
35. Other Notes: [Not Applicable/See Annex [] to these Final Terms]

(N.B. In paragraphs 30 – 35 above, include the relevant Calculation Agent)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

36. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date on giving not less than [] days' notice]

[Permanent Global Note exchangeable for definitive Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event]]

(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.)

- (ii) New Global Note: [Yes/No]

37. Additional Financial Centre(s) or other special provisions relating to Payment [Not Applicable/give details] (Note that this item relates to the place of payment and not Interest Period end dates to

- Days: *which paragraphs 17(iii), 19(v), 20(v), 22(vi), 23(v) and 24(v) relate)*
38. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
39. Details relating to Partly Paid Notes, including amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
40. Details relating to Instalment Notes: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Instalment Amount(s): [*give details*]
- (ii) Instalment Date(s): [*give details*]
41. Redenomination provisions: [Applicable/Not Applicable]
42. Other terms or special conditions: [Not Applicable/*give details*]
43. Exchangeable Note Provisions: [Applicable/Not Applicable]
- (*If not applicable, delete the remaining sub- paragraphs of this paragraph*)
- Form of asset transfer notice: [See Annex/Not Applicable]
- Adjustment provisions: [See Annex/Not Applicable]

DISTRIBUTION

44. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]
45. If non-syndicated, name of relevant Dealer: []
46. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/Not Applicable]
47. Additional selling restrictions: [Not Applicable/*give details*]
48. RMB Currency Event: [Applicable/Not Applicable]
49. Spot Rate (if different from that set out in Condition 8(g)): [*Specify*/Not Applicable]
50. Party responsible for calculating the Spot Rate: [*Give name* (the Calculation Agent)]
51. Relevant Currency (if different from that set out in Condition 8(g)): [*Specify*/Not Applicable]

OPERATIONAL INFORMATION

52. ISIN: [Specify/Not Applicable]
53. Common Code: [Specify/Not Applicable]
54. Notes to be cleared through a clearing system: [Yes/No]
- If yes, any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)] [N.B. If the Notes are designated as NGNs, the Notes must be cleared through Euroclear and Clearstream, Luxembourg]
55. Delivery: Delivery [against/free of] payment
56. Agent: [Citibank, N.A., London /other - give name]
57. Additional Paying Agent(s) (if any): []
58. Settlement Agent: [Nomura Bank (Luxembourg) S.A. / Nomura International plc /Not Applicable]
59. Intended to be held in a manner which would allow Eurosystem eligibility: [[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[Listing Application

These Final Terms comprise the details required to list the issue of Notes described herein pursuant to the listing of the Euro Note Programme of Nomura Bank International plc.]

Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

Applicable Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued by NEF under the Programme.

[Date]

Nomura Europe Finance N.V.,
(a limited liability company with corporate seat in Amsterdam, the Netherlands)
[Title of relevant Series of Notes]
issued pursuant to the U.S.\$22,000,000,000 Euro Note Programme

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated 16 September 2016. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 16 September 2016, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.][If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

- | | | | |
|----|------|-----------------------------------|---|
| 1. | (i) | Issuer: | Nomura Europe Finance N.V. (the Issuer) |
| | (ii) | Guarantor[s]: | [Nomura Holdings, Inc.]/[Nomura Holdings, Inc. and Nomura Securities Co., Ltd.] |
| 2. | (i) | Series Number: | [] |
| | (ii) | Tranche Number: | [] |
| | | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | | Specified Currency or Currencies: | [] |
| 4. | | Aggregate Nominal Amount: | |
| | (i) | Series: | [] |
| | (ii) | Tranche: | [] |
| 5. | (i) | Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)] |
| | (ii) | Net proceeds: | [] (required only for listed issues) |
| 6. | (i) | Specified Denominations: | [] |
| | | | <i>(Note – where multiple denominations above €100,000)</i> |

or equivalent are being used the following sample wording should be followed:

“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000.]”

- (ii) Calculation Amount: [] *(If only one Specified Denomination, insert the Specified Denomination.)*
(If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date: []
(ii) Interest Commencement Date (if different from the Issue Date): [specify date/Not Applicable]
8. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling on or nearest to [specify date]]⁵
9. Put/Call Options: [None/Investor Put/Issuer Call (further particulars specified below)]
10. (i) Status of the Notes: Senior
(ii) Status of the Guarantee: Senior
11. Listing: [Luxembourg Euro MTF/TOKYO PRO-BOND Market/specify other/None]
(The Base Prospectus has not been approved as a Prospectus for the purposes of the Prospectus Directive and, accordingly, an admission to trading may not be applied for on any market in the EEA designated as a regulated market for the purposes of that Directive)
12. Method of Distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Foreign Exchange Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
14. Change of Interest Basis: [Specify details of any provision for changing the Interest Basis of the Notes into another Interest Basis]
15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-

⁵ For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option.

paragraphs of this paragraph)

- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
(If payable other than annually, consider amending Condition 5)
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date/specify other]⁶
(N.B. This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount⁷
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or Actual/365 (Fixed)]⁸ or specify other]
- (vi) Determination Date(s): [[] in each year/Not Applicable]
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon
(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration)
(N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (iii) Additional Business Centre(s): []

⁶ For certain Renminbi denominated Fixed Rate Notes, the Interest Payment Dates are subject to modification and the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, Business Day means a day (other than a Saturday, Sunday or public holiday) 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 Hong Kong and Beijing.”

⁷ For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards.”

⁸ Applicable to Renminbi denominated Fixed Rate Notes.

- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fall back provisions in the Agency Agreement)
- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), the first day of the Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fall back provisions appropriately)
- (vi) ISDA Determination:
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (vii) Margin(s): [+/-] [] per cent. per annum
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360/360/360/Bond Basis
30E/360/Eurobond Basis
Other]
(See Condition 5 for alternatives)
- (xi) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []

- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 9(f)(iii) and 9(k) apply/specify other]
(Consider applicable Day Count Fraction if not U.S. dollar denominated)
18. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of exchange/method of calculating rate of exchange: [give details]
- (ii) Provisions for determining coupon where calculation by reference to rate of exchange is impossible or impracticable: [give details/See Annex/Not Applicable]
- (iii) Person at whose option Specified Currency(ies) is/are payable: []
- (iv) Other terms relating to the method of calculating rates or amounts the value of which is based upon a foreign exchange rate: [give details/See Annex/Not Applicable]
19. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: []
- (ii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [give details/See Annex/Not Applicable]
- (iii) Specified Period(s)/Specified Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (v) Additional Business Centre(s): []
- (vi) Minimum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (vii) Maximum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (viii) Day Count Fraction: []
- (ix) Other terms relating to the method of calculating rates or amounts the value of which is based upon the level of the Index: [give details/See Annex/Not Applicable]
20. **Foreign Exchange Linked Interest Note** [Applicable/Not Applicable]

Provisions

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Formula/method for calculating the interest due: [Specify formula or method]
- (ii) Provision for determining coupon where calculation by reference to (i) above is impossible or impracticable: [give details/See Annex/Not Applicable]
- (iii) Specified Period(s)/Specified Interest Payment Dates: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (v) Additional Business Centre(s): []
- (vi) Interest Rate Determination Date: []
- (vii) Minimum Rate of Interest: [] per cent. per annum/Not Applicable]
- (viii) Maximum Rate of Interest: [] per cent. per annum/Not Applicable]
- (ix) Day Count Fraction: []
- (x) Other terms relating to the method of calculating rates or amounts the value of which is based upon a foreign exchange rate: [give details/See Annex/Not Applicable]
21. **Equity Linked Interest Note Provisions** [Not Applicable/See Annex]
22. **Other Notes – Interest Provisions** [Not Applicable/See Annex]

PROVISIONS RELATING TO THE METHOD OF DETERMINING FOREIGN EXCHANGE

23. **Foreign Exchange Linked Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Spot Exchange Rate: [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate/specify other]
- (ii) Basis of determining foreign exchange rate: [FX Page []/Fallback FX Page []/specify other]
- (iii) FX Rate Determination Time: []
- (iv) FX Rate Determination Date: [Interest Rate Determination Date/Redemption Amount Determination Date/(specify other)]
- (v) Currency Pair: First Currency/Second Currency
- (vi) First Currency: []
- (vii) Second Currency: []
- (viii) Specified Unit: [USD1.00/JPY1.00/EUR1.00/AUD1.00/GBP1.00/

(specify other)]

PROVISIONS RELATING TO REDEMPTION

24. **Issuer Call** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
25. **Investor Put** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
- (iv) Additional conditions/circumstances []
26. **Redemption/Payment Basis:** [Redemption at par]
[Index Linked Redemption]
[Foreign Exchange Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[Exchangeable]
[specify other]

27. Change of Redemption/Payment Basis: [specify details of any provision for changing the Redemption/Payment Basis of the Notes into another Redemption/Payment basis]
28. Final Redemption Amount: [[] per Calculation Amount/Par/See below in paragraph []/See Annex]
29. **Final Redemption Amount of each Dual Currency Redemption Note** [Applicable/Not Applicable]
(if not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of exchange/method of calculating rate of exchange: [give details]
- (ii) Provisions for determining the Final Redemption Amount where calculation by reference to rate of exchange is impossible or impracticable: []
- (iii) Person at whose option Specified Currency(ies) is/are payable: []
- (iv) Minimum Final Redemption Amount: []
- (v) Maximum Final Redemption Amount: []
- (vi) Other terms relating to the method of calculating the Final Redemption Amount the value of which is based upon a foreign exchange rate: []
30. **Final Redemption Amount of each Index Linked Redemption Note** [Applicable/Not Applicable]
(if not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
- (ii) Provisions for determining the Final Redemption Amount where calculation by reference to Index and/ or Formula is impossible or impracticable: []
- (iii) Minimum Final Redemption Amount: []
- (iv) Maximum Final Redemption Amount: []
- (v) Other terms relating to the method of calculating the Final Redemption Amount the value of which is based upon the level of the Index: []
31. **Final Redemption Amount of each Foreign Exchange Linked Redemption Note** [Applicable/Not Applicable]
(if not applicable, delete the remaining sub-

paragraphs of this paragraph)

- (i) Formula/method for calculating the Final Redemption Amount due: [Specify formula or method]
 - (ii) Provisions for determining the Final Redemption Amount where calculation by reference to (i) above is impossible or impracticable: []
 - (iii) Redemption Amount Determination Date: []
 - (iv) Minimum Final Redemption Amount: []
 - (v) Maximum Final Redemption Amount: []
 - (vi) Other terms relating to the method of calculating the Final Redemption Amount the value which is based upon a foreign exchange rate: []
32. **Equity Linked Redemption Note** [Not Applicable/See Annex]
33. **Credit Linked Note** [Not Applicable/See Annex]
34. Other terms or special conditions relating to Redemption: []
35. Early Redemption Amount payable on redemption for taxation reasons, upon a regulatory event or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 9(f)): [[] per Calculation Amount/specify other/See Annex]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

36. **Form of Notes:**

- (i) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event]]
[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date on giving not less than [] days' notice]
[Permanent Global Note exchangeable for definitive Notes [on not less than 60 days' notice given at any time/only upon an Exchange Event]]
[Permanent Global Note not exchangeable for definitive Notes]
(The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:

- “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].” Furthermore such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes)
- (ii) New Global Note: [Yes/No]
(Must be “No” for Notes deposited with Nomura Bank (Luxembourg) S.A.)
37. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates to which paragraphs 16(iii), 19(v) and 20(v) relate)
38. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
39. Details relating to Partly Paid Notes, including amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
40. Details relating to Instalment Notes: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Instalment Amount(s): []
- (ii) Instalment Date(s): []
41. Redenomination applicable: Redenomination [not] applicable
(if Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))
42. Other terms or special conditions: [Not Applicable/give details]
43. Exchangeable Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Form of asset transfer notice: [Not Applicable/See Annex]
- (ii) Adjustment provisions: [Not Applicable/See Annex]

DISTRIBUTION

44. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name(s)]

45. If non-syndicated, name of relevant Dealer: []
46. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/Not Applicable]
47. Additional selling restrictions: [*Not Applicable/give details of any additional selling restrictions*]
48. RMB Currency Event: [Applicable/Not Applicable]
49. Spot Rate (if different from that set out in Condition 8(g)): [*Specify*/Not Applicable]
50. Party responsible for calculating the Spot Rate:
[*Give name (the Calculation Agent)*]
51. Relevant Currency (if different from that set out in Condition 8(g)): [*Specify*/Not Applicable]

OPERATIONAL INFORMATION

52. ISIN: [*Specify*/Not Applicable]
53. Common Code: [*Specify*/Not Applicable]
54. Notes to be cleared through a clearing system: [Yes/No]
If yes, any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*] [*N.B. If the Notes are designated as NGNs, the Notes must be cleared through Euroclear and Clearstream, Luxembourg*]
If no, Notes to be deposited with Nomura Bank (Luxembourg) S.A.: [Yes/No]
55. Delivery: Delivery [against/free of] payment
56. Agent: [Citibank, N.A., London/Nomura Bank (Luxembourg) S.A./other – *give name*]
57. Additional Paying Agent(s) (if any): []
58. Settlement Agent: [Nomura Bank (Luxembourg) S.A./Not Applicable]
59. Calculation Agent: [Nomura Bank (Luxembourg) S.A./other – *give name*/Not Applicable]
60. Intended to be held in a manner which would allow Eurosystem eligibility: [[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may

then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[LISTING APPLICATION

These Final Terms comprise the details required to list the issue of Notes described herein pursuant to the U.S.\$22,000,000,000 Euro Note Programme of Nomura Europe Finance N.V.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

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