SMBC

SMBC Bank EU Group

Combined Group Management Report and Group Financial Statements

Convenience Translation of the Binding German Version

Year ended 31 March 2025

Contents

3. Auditor's Report
10. Combined Group Management Report
119. Consolidated Statement of Comprehensive Income
120. Consolidated Statement of Financial Position
121. Consolidated Statement of Changes in Equity
122. Consolidated Statement of Cash Flows
123. Notes to the Financial Statements
173. Country-by-Country Reporting
174. Publisher

Auditor's Report

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Independent Auditor's Report

To SMBC Bank EU AG, Frankfurt am Main

Report on the Audit of the Consolidated Financial Statements and of the Combined Group Management Report

Opinions

We have audited the consolidated financial statements of SMBC Bank EU AG, Frankfurt am Main, and its subsidiaries (the Group) which comprise the consolidated statement of financial position at 31 March 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 April 2024 to 31 March 2025, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined group management report of SMBC Bank EU AG for the financial year from 1 April 2024 to 31 March 2025.

In accordance with the German legal requirements, we have not audited the content of the components of the combined group management report referred to in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS accounting standards issued by the International Accounting Standards Board (IASB) (referred to subsequently as "IFRS accounting standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 March 2025, and of its financial performance for the financial year from 1 April 2024 to 31 March 2025, and
- the accompanying combined group management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined group management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined group management report does not cover the content of the components of the combined group management report listed in the "Other information" section.

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Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the combined group Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined group management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 April 2024 to 31 March 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Calculation of the specific valuation allowances on receivables to customers

For information on the accounting policies applied by SMBC Bank EU AG, please refer to Sections II. "Accounting and Valuation Methods" and III. "Significant accounting policies" in the Notes to the consolidated financial statements of the company.

THE FINANCIAL STATEMENT RISK

SMBC Bank EU AG reports receivables to customers in the amount of EUR 13,449.7 million as of 31 March 2025. For acute counterparty credit risks, specific valuation allowances on receivables to customers have been recognized in the consolidated financial statements.

Specific valuation allowances are calculated based on probability-weighted scenarios. The calculation of specific valuation allowances for receivables to customers is therefore discretionary. It requires assumptions about the contractual cash flows still to be expected and/or about the expected cash flows from the realization of the loan collateral provided. The assumptions are made depending on the selected restructuring or wind-down strategy.

In particular, the risk for the financial statements is that no appropriate assumptions are made about the amount of the contractual cash flows still to be expected or about the amount of the cash flows to be expected from the realization of the loan collateral provided when determining the specific valuation allowance. Incorrect assumptions about the amount of expected cash flows and/or the realization of loan collateral provided result in receivables being measured inappropriately and thus the counterparty risks are not being adequately taken into account.

It was therefore of particular importance for our audit that the number of scenarios analyzed was in line with the complexity of the circumstances determining the default risks in the individual case, including the dependence on macroeconomic factors. We also considered it significant that the selection of the specific scenarios, the estimation of the probability of occurrence per scenario and the estimation of the cash flows expected in each scenario were performed in a comprehensible, objectively substantiated and consistent manner.

OUR AUDIT APPROACH

Based on our risk analysis and the assessment of the risks of error, we based our audit opinion on control-based and substantive audit procedures. Accordingly, we performed the following audit procedures, among others:

- In a first step, we gained a comprehensive insight into the performance of the loan portfolio, the related counterparty credit risks and also the internal control system in relation to the identification, monitoring and assessment of the counterparty credit risks in the loan portfolio.
- For the assessment of the adequacy of the internal control system with regard to the identification, management and monitoring of receivables to customers, we inspected the relevant organisational guidelines and performed interviews. In addition, we assured ourselves of the appropriateness, implementation and effectiveness of relevant controls.
- For the IT systems used for receivables to customers and for the calculation of risk provisions systems used for receivables to customers and for determining risk provisions, we have the effectiveness of the rules and procedures relating to the relevant IT applications and applications and support the effectiveness of application controls, reviewed.
- Based on a deliberate selection of individual exposures determined on the basis of materiality and risk aspects, we performed substantive audit procedures and assessed the recoverability of the receivables from customers. In particular, we assessed whether the selected exposures met criteria indicating a need for specific valuation allowances and whether this was properly identified. We satisfied ourselves that the allowance for losses on receivables recognized for these exposures was recognised on an accrual basis and was adequate. In doing so, we assessed assumptions about the contractual cash flows still to be expected and/or the expected cash flows from the liquidation of the loan collateral provided. Where loan collateral has been provided for an exposure and is used in the valuation, we have assessed the legal existence and recoverability of this collateral. In the case of guarantees, we assessed the creditworthiness of the guarantors. For the selected exposures, we also verified the arithmetical calculation of the specific valuation allowance recognised.

OUR OBSERVATIONS

The assumptions underlying the calculation of the specific valuation allowance regarding the amount of the expected cash flows from the economic performance of the borrowers or from the realization of collateral were selected appropriately and are in accordance with the accounting principles applicable to the measurement of specific valuation allowances.

Other Information

Management is responsible for the other information. The other information comprises the following non-audited components of the summarized group management report:

- the consolidated non-financial group statement, which is included in sections seven and eight of the combined group management report.

Our opinions on the consolidated financial statements and on the combined group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information referred to above and, in doing so, consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined group management report audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the combined Group Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined group management report that is in accordance with the applicable German legal requirements, and

to be able to provide sufficient appropriate evidence for the assertions in the combined group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined group management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the combined Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or on the effectiveness of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based

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on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- We plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined group management report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the audit of the consolidated financial statements. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

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

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 26 November 2024. We were engaged by the supervisory board on 4 February 2025. We have been the auditor of the SMBC Bank EU AG without interruption since the financial year 2019.

KPMG | 6

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (longform audit report).

In addition to the financial statement audit, we have provided to the Company or its subsidiaries the following services that are not disclosed in the annual financial statements or in the combined group management report:

- Audit of the securities services business in accordance with Section 89 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act)
- Review of the Group reporting package as of 30 September 2024
- Training of the Supervisory Board
- Audit of the IT systems used in connection with the prevention of anti-money laundering
- Quality assurance in relation to sustainability reporting in accordance with CSRD

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Markus Fox.

Frankfurt am Main, 31 July 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Fox	Hunstock
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

7 |

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Combined Group Management Report

Introduction

This Management Report combines the Management Report of SMBC Bank EU AG and SMBC EU Group (combined Management Report with respect to § 315 Sec. 5 HGB in conjunction with § 298 Sec. 2 Sent. 2 HGB). In principle, figures apply to SMBC EU Group. To the extent that there are material differences with respect to accounting or risk figures between SMBC Bank EU AG and SMBC EU Group, figures for SMBC Bank EU AG are reported separately. For the first time, the management report includes the consolidated non-financial statement in Section VI and the annex to the EU Taxonomy Reporting in Section VII, which were not subject to the auditor's audit.

I. Fundamental Information about SMBC EU Group

1. SMBC EU Group's Business Model and Strategy

SMBC Bank EU AG (SMBC EU or the "SMBC EU Group") is a credit institution based in Frankfurt-Main, Germany, to support SMBC's business activities in the European Economic Area (EEA). The SMBC EU Group is authorised by the European Central Bank (ECB) and supervised by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) since November 2018 and is the parent company of the SMBC EU Group.

The SMBC EU Group is a wholly-owned subsidiary of Sumitomo Mitsui Banking Corporation (SMBC Tokyo), a Japanese bank, and forms part of the SMBC Group of companies. SMBC Tokyo is a wholly-owned subsidiary of the Japanese Sumitomo Mitsui Financial Group (SMFG), which is ranked amongst the largest 29 banks globally by assets and classified as a global systemically important bank (G-SIBs – Global Systemically Important Banks).

S&P and Fitch Ratings have both affirmed an international A/A- rating for SMBC Bank EU AG, Frankfurt. These ratings reflect the strong support the Bank receives from the parent company in all areas such as risk management and funding arrangements as well as information technology and operational infrastructure.

The SMBC EU Group offers a wide range of financial products, including: syndicated and bilateral financing, specialised advice for project, trade and asset financing, as well as deposit and currency transactions. As a provider of integrated financial and investment banking solutions, the SMBC EU Group also offers its clients capital market products and derivative financial products and, through its subsidiary SMBC Nikko Bank (Luxembourg) S.A., the Group is also active in fund management. The SMBC EU Group's main objective is to serve its corporate clients in the EU/EEA, while pursuing and adhering to the vision, mission and identity of the SMBC Group, which focuses on creating sustainable value for clients and shareholders. With its business model, the SMBC EU Group aims to ensure long-term sustainable growth and a balanced risk/return ratio. The strategy pursues the following objectives:

Serving customers
The SMBC EU Group, in cooperation with other SMBC companies, aims to offer high-quality value-added services to EU/EEA clients as their bank of choice.

Sustainable growth
The aim is to conduct the business activities of the SMBC EU Group in a way that is balanced and sustainable. In addition, an efficient and effective infrastructure is to be built to support further business growth.

Competitive edges
Expansion and development of the areas in which the SMBC EU Group has a particularly strong position in terms of customer relationships, product expertise and global reach.

Team "SMBC Group"
Communicating the mission and vision of the SMBC Group and how they are implemented.

2. Organisation and Governance Structure

On 1 March 2025, SMBC EU marked the 6th anniversary of the formal commencement of operations of the SMBC EU Group. It has grown significantly since its inception, showing the strong relationships with an increasing number of core clients and stakeholders, while establishing robust governance and operational excellence that meets regulators´ requirements.

In order to fulfil its objective of servicing SMBC Tokyo's EU/EEA customers, and to comply with the CRD V Intermediate Parent Undertaking (IPU) regulation, restructuring initiatives have continued. In May 2023, SMBC EU Group completed the formation of an EU-domiciled IPU (Intermediate Parent Undertaking) with SMBC Nikko Bank (Luxembourg) S.A.(SNBL) becoming the wholly-owned subsidiary of SMBC EU in May 2023. SMBC EU Group now includes SMBC Bank EU AG as parent and SMBC Nikko Bank (Luxembourg) S.A. as subsidiary. SMBC EU has its head office in Frankfurt-Main, Germany, with branches in Amsterdam, Prague, Madrid, Dublin, Milan, Paris and Düsseldorf. Of the named branches, only the Milan

branch undertakes loan and deposit transactions as a risk-taking function. All other branches are marketing offices without any entry functions for customer transactions.

As of 31 March 2025, the SMBC EU Group has 573 employees, of which 373 are in Germany, 115 in its EU branches (PY: 516 employees, thereof 328 in Germany and 104 in EU branches) and 85 are in SNBL.

The members of the Executive Board of SMBC EU are responsible for all operations of the Bank.

The Executive Board has established several committees to control and monitor various areas of SMBC EU and SMBC EU Group. All committees have delegated approval powers from the Executive Board and include, alongside Executive Board members, selected department heads as voting members.

The Credit and Prudential Risk Management Committee (CPRC) and the Group Credit and Prudential Risk Management Committee act as the responsible body for oversight and governance for all credit and prudential-related matters (except individual credit risks) at SMBC EU and SMBC EU Group level. It serves as the main forum to discuss and debate credit and credit risk management framework elements, the coordination of ICAAP/RRP, models, model risk management and stress testing as well as environmental, social and governance (ESG) matters and overall risk governance.

The Asset Liability Risk Management Committee (ALMCO) and Group Asset Liability Risk Management Committee (GALRMC) act as the responsible body for oversight and governance for market, liquidity and derivatives risk. This includes trading and ALM-related matters as well as a forum for discussion and approval of the elements and the results of the Internal Liquidity Adequacy Assessment Process (ILAAP).

The Operational, General & Third Party Risk Management Committee (OGTPRM) and the Group Operational and Third Party Risk Management Committee are the bodies responsible for oversight and governance of non-financial risk management (in particular Operational Risk and Third Party Risk Management) and in/outsourcing matters. It further serves as a forum for discussion and approval of the relevant elements of the Internal Capital Adequacy Assessment Process (ICAAP) and Reduced Risk Products (RRP). It acts as a forum for the first line of defence management of in- and outsourcing.

The Product Approval Committee (PAC) and the Group Product Approval Committee act as the governance bodies responsible for approving any new types of products or services (NPS) the entity intends to offer and implement into, including testing and reviewing of the new products or services. It is embedded into the EMEA product approval process and members of the local product consultation group participate in screening meetings at EMEA level and the EMEA Product Approval Committee, both hosted by SMBC Bank International plc London (SMBC BI).

The Transaction Approval Committee (TAC) acts as a responsible body for new transactions with unusual features, large volumes or potential effects that could be relevant to the company or the SMBC Group in terms of supervisory law, reputation, conflicts of interest, sustainability aspects or problems with client suitability.

The Credit Approval Committee (CAC) and the Group Credit Approval Committee act as the governance body to discuss and debate the credit risk of proposed lending and loan underwriting transactions and follows the SMBC Credit & Underwriting Authority Approval Matrix.

The Compliance and Anti-Money Laundering Committee (CAMLC) oversees the adherence to the SMBC EU Group's implemented anti-money laundering preventative measures and general compliance structure and measures on SMBC EU and SMBC EU Group level. It provides governance, technical and strategic support, and examines matters in respect of identified compliance, anti-money-laundering, financial crime and other regulatory risks relating to the SMBC EU Group.

A Supervisory Board has been established and was elected by the Annual General Meeting in accordance with statutory requirements to supervise and monitor the bank's business activities. The Supervisory Board has established four committees to monitor various functions of the Bank and SMBC EU Group. The Audit Committee monitors the accounting processes, the internal control system and the (group) annual financial statements, as well as the independence of the auditor. The Risk Committee advises the Supervisory Board on risk management issues, including risk strategy and risk appetite. The Remuneration Control Committee is responsible for monitoring the appropriate design of the remuneration systems.
The Nomination Committee supports the Supervisory Board in monitoring and performing the Supervisory Board's duties in personnel matters.

The SMBC EU Group is supported by various group entities in its day-to-day operations by way of intra-group outsourcing arrangements. This operating framework is widely used by SMBC Group throughout the EMEA region, under which several operations are centrally performed by SMBC BI and other relevant Group entities. The SMBC EU Group provides insourcing services primarily for business units and control functions of the SMBC Düsseldorf branch.

The Bank's investment decisions, including those that take sustainability considerations into account, are made in accordance with the Bank's independently established policies and practices, which reflect the strategies, investment objectives and risk management approach of the Bank and the SMBC Group.

All the Bank's engagements with other companies or organizations on sustainability or related topics are guided by the independently established policies and practices mentioned above. All sustainability-related decisions are made by the Bank in accordance with the applicable laws and regulations of the respective jurisdictions.

II. Macroeconomic Environment and Competitive Situation

Economic activity in Europe accelerated marginally last year. Real GDP growth in 2024 stood at 0.9% y/y in the euro area and 1.0% y/y in the European Union (EU), with both figures representing a slightly higher growth rate than that observed over the previous year.[1] Economic performance nevertheless varied considerably at the national level. Of the larger economies in the region, Germany exhibited a mild contraction in output for a second consecutive year (-0.2% y/y). By contrast, France and Italy registered growth, at a similar pace than in 2023 (1.2% y/y and 0.7% y/y, respectively). Spain, meanwhile, continued to outperform the regional average, with growth even picking up slightly relative to the previous year (3.2% y/y).

At the aggregate level, the drivers of growth remained tilted toward consumption. Household spending benefitted from resilient labor market conditions last year, which alongside receding inflationary pressures helped to lift real disposable incomes. Indeed, headline inflation eased back to an average of 2.4% y/y in the euro area and 2.6% y/y in the EU.[2]
By contrast, investment across the continent remained weak. This likely reflected a combination of subdued demand, relatively restrictive financial conditions, and elevated policy uncertainty. Investment in both housing and equipment appeared particularly subdued last year. By contrast, non-residential construction investment was more resilient, supported in part by public sector infrastructure projects. Finally, trading business provided a limited boost to growth last year, as a small rise in exports of goods and services was accompanied by similar growth in imports.

Fiscal and monetary policy developments last year were somewhat mixed. After a modestly expansionary fiscal stance in the EU in 2023, fiscal policy became slightly contractionary last year, driven in part by declining government subsidies for private investments and a comparatively lower amount of spending financed by EU budget funds.[3] By contrast, the European Central Bank (ECB) initiated a cycle of interest rate cuts in June last year. Given the significant tightening in monetary policy over the preceding months, however, overall financial conditions last year were still restrictive relative to historical norms.

1 Unless otherwise stated GDP figures for the euro area, EU, and member states reflect Eurostat data (https://ec.europa.eu/eurostat).
2 Harmonized index of consumer prices (HICP). Data from Eurostat (https://ec.europa.eu/eurostat)
3 The aggregate fiscal stance reflects estimates contained in the European Commission's Spring Forecast, May 2025. Note, spending financed by EU funds was particularly high in 2023, as drawdowns under the last multi-annual financial framework accelerated that year.

III. Report on Business Development and Financial Position

1. Business Performance

Against the uncertain economic backdrop, the SMBC EU Group's focus has remained on lending to investment grade borrowers but has also expanded risk appetite to allow for the development of high margin transactions and products on a selective basis while maintaining a well-diversified credit portfolio. Corporate loan demand continued to be relatively strong during much of 2024. The SMBC EU Group benefitted from this development and could provide additional liquidity to its customers. Our customers have begun to adjust their business models to adapt to climate change and reduce their impact. SMBC EU Group used new business opportunities available in this space and could provide financing solutions in the areas of energy production and energy supply. Sustainable structured finance solutions have also contributed positively to the commission income result of the Bank. With respect to bonds issues, there was a positive development on the part of issuers on the capital market in view of the increased capital requirements. This was reflected in a good result for the Bank in the debt capital markets area.

Despite a decline in funding rates, the SMBC EU Group was able to achieve a significant increase in net interest income. In addition to the above-mentioned development, this is also due to the bank's strong capital base. At the same time, costs were kept under control despite inflationary pressures.

Despite several geopolitical tensions, the risk profile of the SMBC EU Group has proven to be stable. The general loan loss provisions were increased in line with exposure growth without an above-average burden on earnings.

2. Financial Developments SMBC EU Group

The financial position of the Group was solid: it remained at all times in full compliance with all regulatory and internal limits with respect to its capital, liquidity and refinancing positions. Exchange rate movements had a negligible impact on the financial position.

The Group has defined three key performance indicators (KPIs) to measure business development in terms of costs, profitability and capital:

- Return on Equity (ROE): the ratio between post tax profits and average equity –
  $$Return\ on\ Equity\ (ROE) = \frac{Post\ Tax\ Profit}{Average\ Equity}$$
- Cost Income Ratio (CIR): the ratio between operating expenses and income –
  $$Cost\ Income\ Ratio = \frac{Operating\ Expenses}{Operating\ Income}$$
- Common Equity Tier 1 (CET1): the ratio between CET1 capital and risk-weighted assets –
  $$CET1\ Ratio = \frac{CET1\ Capital}{Risk-Weighted\ Assets}$$

Subsequently, SMBC EU Group financials are based on IFRS.

Due to the dynamic business development and despite decreasing interest rate levels, profitability has increased significantly, with a net income after tax of EUR 229.94 million (PY: EUR 173.4 million); all KPIs developed positively and better than the expectation of management and the owner. The Return on average Equity ("ROE") increased to 4.05% (PY: 3.19%). The profitability increased significantly due to high net interest income combined with lower growth in administrative expenses. Operating income increased by 8.7% in FY2024/25 compared with FY2023/24 while operating expenses increased by 6.7%.

The Cost Income Ratio ("CIR") stands at 40.3% (PY: 41.0%). This development is mainly driven by higher revenues and relatively stable costs compared to the previous year.

As a result of the dynamic development, the CET1 ratio has slightly increased to 27.2% at year-end (PY: 26.4%), very clearly above the regulatory minimum of 11.1% in 2024 and 11.0% in 2025. This ensures a strong financial standing and sufficient capitalisation, indicating the SMBC EU Group's ability to absorb losses while continuing operations, thus enhancing its resilience in the face of financial downturns. In view of the expected growth, the high CET1 ratio does not indicate inefficient use of capital.

Balance sheet of SMBC EU Group

Total assets as of 31 March 2025 stand at EUR 25,571 million, an increase of EUR 2,442 million or 10.6% compared with 31 March 2024 (PY: EUR 23,129 million). The increase compared with the previous year resulted primarily from an organic growth of the credit portfolio with an increase of EUR 2,382 million compared to the previous year. SNBLs portion in total assets stands at EUR 509 million. Assets recognised in Milan increased by EUR 1,710 million compared to prior year with a total amount of EUR 4,287 million (PY: EUR 2,577 million).

The liquidity reserves of EUR 9,463 million (PY: EUR 9,132* million) were primarily kept in Germany at the Bundesbank and with other SMBC banks. Cash and balances at central banks decreased to EUR 114 million (PY: EUR 162 million) due to shift to overnight deposits which are reported under receivables to banks.

Lending exposures, the most important asset type of the SMBC EU Group, are classified under receivables to customers and banks as well as debt securities and other fixed income securities and amounted to EUR 14,800 million (PY: EUR 12,418* million).The development of receivables to customers and banks with an amount of EUR 2,382 million were primarily driven by a growth in portfolio in Frankfurt and Milan.

* The prior-year figures marked with * have been adjusted for better comparability. For details, please refer to Section III -Significant Accounting Policies- in the notes.

Financial assets held for trading consist of FX and interest derivatives. As of 31 March 2025, the trading portfolio amounts to EUR 983 million (PY: EUR 1,266 million) and decreased primarily due to market price movements. The market risk arising from derivative trades with customers is hedged by matching transactions with Group companies. The liability trading portfolio is therefore almost identical to the asset position.

Other assets, at 1.7% (PY: 0.7*%) of total assets, account for only a small portion of the balance sheet and comprise

primarily hedging products, investment and liquidity securities, fixed assets and deferred tax assets.

The assets are funded primarily with equity, customer deposits and intra-group funding from SMBC Tokyo via its branch in Brussels. Equity increased to EUR 5,673 million (PY: EUR 5,441 million). This change was mainly driven by an increase in retained earnings to EUR 472 million and in the legal reserve (to EUR 24 million). Subscribed capital and capital reserves remained stable at EUR 5,100 million and EUR 70 million respectively.

The liabilities include customer and bank deposits, financial liabilities held for trading, and other short-term borrowings as well as long-term debt.

Liabilities to customers remained relatively stable compared to the previous year with an amount of EUR 11,165 million (PY: EUR 11,539* million. Liabilities to banks increased to EUR 7,064 million (PY: EUR 4,586* million). The reason for this is an increase in business volume. Against the same backdrop, intra-group financing increased to EUR 5,064 million (PY: EUR 4,578 million).

The financial liabilities held for trading decreased to EUR 960 million (PY: EUR 1,251 million) in line with the development of the trading assets.

In addition, the SMBC EU Group has off-balance sheet liabilities, specifically guarantees and irrevocable loan commitments, amounting to EUR 16,125 million (PY: EUR 14,954 million), of which EUR 4,260 million in Milan (PY: EUR 5,186 million) and EUR 11,868 million (PY: EUR 9,773 million) in Frankfurt.

* The prior-year figures marked with * have been adjusted for better comparability. For details, please refer to Section III -Significant Accounting Policies- in the notes.

Due to increased business volume, short-term borrowings increased to EUR 2,014 million (PY: EUR 1,479* million), long-term debt increased to EUR 5,050 million (PY: EUR 3,107 million).

Provisions amounted to EUR 19 million (PY: EUR 37 million).

Lease liabilities slightly increased to EUR 16.1 million in March 2025 (PY: EUR 11.2 million).

The SMBC EU Group was granted a committed credit line by SMBC Tokyo in the amount of EUR 1,500 million, which has not been drawn.

The capital adequacy of SMBC EU AG is described under section V. in the Risk Report.

Income statement of SMBC EU Group

In the sixth year of operation in 2024/25, the SMBC EU Group generated a net profit of EUR 229.94 million (PY: EUR 173.37 million). Due to strong business development and tight cost control, the profitability could be increased significantly. The profit of SMBC Nikko Bank (Luxembourg) S.A. (SNBL) which was acquired in the previous year was EUR 4.17 million.

The operating income in SMBC EU AG amounted to EUR 559.11 million (PY: EUR 514.59 million), comprising net interest income, net fee and commission income, income from FVPL financial instruments, results from hedging relationships and other net operating income.

The net interest income increased to EUR 415.88 million (PY: EUR 355.67 million) and is mainly due to interest income from the lending and money market businesses of the SMBC EU Group. Higher interest income is partly offset by higher interest expenses for Deposits and Funding. The Milan branch generated a net interest income of EUR 62.40 million (PY: EUR 25.28 million). Despite the negative development of decreased interest base rates, a higher net interest income than in the previous year was achieved due to an increase in customer portfolio. Interest expenses for deposits from banks and from customers increased to EUR 646.31 million (PY: EUR 575.15 million), due to higher business volumes (i.e. liabilities to customers) in 2024.

The net fee and commission income of EUR 101.12 million (PY: EUR 83.04 million) was primarily driven by commitment fees of EUR 40.33 million (PY: EUR 30.86 million) and commission from the securities business (EUR 30.55 million, PY: EUR 33.28 million). The increase compared with last year results primarily from higher commitment fees. The Milan branch generated a net commission loss of EUR (10.86) million (PY: EUR (4.53) million).

The income from FVPL financial instruments resulted in a net gain of EUR 29.62 million (PY: EUR 49.42 million), primarily from FX and interest rate derivative transactions. The net trading income comprises gains less losses related to trading assets and liabilities as well as gains less losses related to derivative instruments that do not meet the criteria to be designated as a hedge and are measured at fair value. The result includes all realised and unrealised fair value changes, interest and foreign exchange differences. The gains and losses were mainly driven by the increased market volatility of

derivative financial instruments. The decrease compared to last year resulted mainly from gains and losses in foreign exchange trades.

Other operating income contributed with a positive result of EUR 16,29 million (PY: EUR 24.82 million), derived primarily from insourcing Service Level Agreements (SLAs), predominantly middle and back-office services for SMBC Düsseldorf and the sale of loans.

Administrative expenses of EUR 218.71 million (PY: EUR 208.22 million) include primarily personnel expenses of EUR 103.76 million (PY: EUR 90.88 million) and expenses related to outsourcing arrangements with Group companies of EUR 55.71 million (PY: EUR 51.77 million). Other administrative expenses comprise, amongst others, VAT expenses of EUR 11.13 million (PY: EUR 15.17 million), global IT charges of EUR 9.13 million (PY: EUR 8.20 million) and legal & consultancy fees of EUR 11.43 million (PY: EUR 15.34 million). The increase in administrative expenses is primarily related to an increase in business volume and consequentially higher number of employees and higher SLA charges. The Milan branch generated expenses of EUR 9.26 million (PY: EUR 8.41 million).

Gains and losses from derecognition of financial assets resulted in a net loss of EUR (0.07) million (PY: net gain of EUR 1.54 million).

Amortisation, depreciation and write-downs for intangible assets and property and equipment of EUR 4.88 million (PY: EUR 3.63 million) relate to expenses for IFRS 16 depreciation on right-of-use assets and straight-line amortisation/depreciation of fixed assets. IFRS 16 depreciation for Frankfurt is included in this position with an amount of EUR 1.15 million (PY: EUR 1.15 million). Milan's portion of IFRS 16 depreciation is EUR 0.07 million (PY: EUR 0.20 million).

The net risk provision expenses amount to EUR (2.19) million (PY: EUR (42.96) million). The decrease compared to the previous year results primarily from the release of risk provision after the sale of loans that were previously written down.

The tax expense of EUR 101,68 million (PY: EUR 87.07 million) mainly relates to income tax expenses for profit generated. Milan generated tax expenses of EUR 21,07 million (PY: EUR 8.01 million). The increase in Milan results from an increased business volume as well as an adjustment to the tax expenses for fiscal year 2023/24.

3. Financial Developments SMBC Bank EU AG

The financial position of the Bank was solid: it remained at all times in full compliance with all regulatory and internal limits with respect to its capital, liquidity and refinancing positions. Exchange rate movements had a negligible impact on the financial position.

The bank has defined three key performance indicators (KPIs) to measure business development in terms of costs, profitability and capital:

- Return on Equity (ROE): the ratio between post tax profits and average equity – $Return\ on\ Equity\ (ROE) = \frac{Post\ Tax\ Profit}{Average\ Equity}$
- Cost Income Ratio (CIR): the ratio between operating expenses and income – $Cost\ Income\ Ratio = \frac{Operating\ Expenses}{Operating\ Income}$
- Common Equity Tier 1 (CET1): the ratio between CET1 capital and risk-weighted assets – $CET1\ Ratio = \frac{CET1\ Capital}{Risk-Weighted\ Assets}$

Subsequent SMBC EU AG financials are based on German GAAP.

Due to dynamic business development and despite decreasing interest rate levels, profitability has increased significantly, with a net income after tax of EUR 253.29 million (PY: EUR 205.67 million); all KPIs developed positively and better than the expectation of management and the owner. The Return on average Equity increased to 4.59%, (PY: 3.89%). The profitability increased significantly due to high net interest income combined with lower growth in administrative expenses. Operating income increased by 7.2% in FY2024/25 compared to the previous year but operating expenses increased by only 4.1%.

The Cost Income Ratio stands at 35.5% (PY: 36.5%, expectation < 50%). This development is mainly driven by higher operating income compared to last FY and the delayed increase in personnel expenses due to late hirings.

As a result of the dynamic development, the CET1 ratio has increased to 27.7% at year-end (PY: 26.7%) and is still very clearly above the regulatory minimum of 11.1% in 2024 and 11.0% in 2025. This ensures strong financial standing and sufficient capitalisation, indicating the Bank's ability to absorb losses while continuing operations, thus enhancing its resilience in the face of financial downturns. The high CET1 ratio is not an indication of inefficient capital utilisation,

taking into account increasing profitability and further growth plans.

Balance Sheet of SMBC EU AG

Total assets as of 31 March 2025 stand at EUR 25,111 million, an increase of EUR 2,441 million or 10.8% compared to 31 March 2024 (PY: EUR 22,670 million). The increase compared with the previous year resulted primarily from the further organic growth of the credit portfolio.

Lending exposures, the most important asset type of the Bank, are classified under receivables to customers and banks as well as debt securities and other fixed income securities and amounted to EUR 14,887 million (PY: EUR 12,503 million), of which EUR 11,542 million (PY: EUR 10,044 million) were recognised in Frankfurt and EUR 3,349 million (PY: EUR 2,483 million) in Milan. The development of receivables to customers and banks were primarily driven by growth in portfolio in Frankfurt and Milan which amounted to EUR 2,383 million. The liquidity reserves of EUR 9,069 million (PY: EUR 8,705 million) were primarily kept in Germany at the Bundesbank and with other SMBC banks.

Financial assets held for trading consist of FX and interest derivatives. As of 31 March 2025, the trading portfolio amounts to EUR 950 million and decreased to prior year (PY: EUR 1,231 million). The decrease is primarily caused by market price movements. The market risk arising from derivative trades with customers is hedged by matching transactions with Group companies. The liability trading portfolio is therefore almost identical to the asset position.

Other assets, at less than < 1.3% (PY: < 1.6%) of total assets, account for only a small portion of the balance sheet and comprise primarily goodwill and fixed assets. The goodwill was generated through the acquisition of the branches at inception of the Bank in 2019, as well as the transfer of employees from the SMBC Tokyo Düsseldorf branch and the SMBC BI Paris branch.

The assets are funded primarily with equity, customer deposits and intra-group funding from SMBC Tokyo via its branch in Brussels.

Equity increased to EUR 5,643 million (PY: EUR 5,390 million). This change was mainly driven by an increase in retained earnings. Subscribed capital and capital reserves remained unchanged at EUR 5,100 million and EUR 74 million respectively.

The liabilities include customer and bank deposits, financial liabilities held for trading, and other short-term borrowings as well as long-term debt.

Liabilities to non-bank customers slightly decreased to EUR 10,888 million (PY: EUR 11,051 million) compared to last year. Liabilities to banks increased significantly to EUR 7,017 million (PY: EUR 4,579 million) due to higher business volumes than in the previous year.

The financial liabilities held for trading increased to EUR 939 million (PY: EUR 1,231 million) in line with the development on the asset side.

In addition, SMBC Bank EU AG had off-balance sheet liabilities, specifically guarantees and irrevocable loan commitments, amounting to EUR 16,125 million (PY: EUR 14,954 million), of which EUR 4,260 million in Milan (PY: EUR 5,186 million) and EUR 11,868 million (PY: EUR 9,773 million) in Frankfurt.

Short-term borrowings increased to EUR 1,967 million compared with prior year (PY: EUR 1,472 million). Long-term debt also increased to EUR 5,050 million (PY: EUR 3,107 million) due to increased business volumes.

Provisions amounted to EUR 79 million (PY: EUR 109 million). Compared with the previous year this was a decrease due to concentrated settlement of open invoices in March 2025 and due to lower loan loss provisions.

The Bank was granted a committed credit line by SMBC Tokyo for EUR 1,500 million, which has not been drawn.

The capital adequacy of SMBC EU AG is described under section V. in the Risk Report.

Income statement of SMBC EU AG

In the sixth year of operation in 2024/25, the Bank generated a **net profit** of EUR 253.29 million (PY: EUR 205.67 million). Due to strong business development and tight cost control, the profitability could be increased significantly. The strong business development was mainly supported by a strong organic growth in the customer portfolio.

The operating income of SMBC Bank EU AG amounted to EUR 585.72 million (PY: EUR 546.33 million), comprising net interest income, net fee and commission income, gains and losses of trading activities and other net operating income.

The net interest income increased to EUR 422.21 million (PY: EUR 391.87 million) and is mainly due to interest income from the lending and money market businesses of SMBC Bank EU AG. Higher interest income is partly offset by higher

interest expenses for Deposits and Funding. The Milan branch generated a net interest income of EUR 61.07 million (PY: EUR 21.16 million). The increase in net interest income was primarily generated by portfolio growth. Due to a changed interest environment with decreasing interest base rates, interest income from liquidity reserves has decreased. Interest expenses for deposits from banks and from customers increased to EUR 642.64 million (PY: EUR 572.88 million), due to higher business volumes (i.e. liabilities to customers).

The net fee and commission income of EUR 134.21 million (PY: EUR 132.61 million) was primarily the result of income derived from guarantees and upfront fees (EUR 103.62 million, PY: EUR 107.50 million) as well as income generated in the securities business of EUR 30.55 million (PY: EUR 33.28 million). The increase compared with last year results primarily from higher upfront fees due to increased lending business. The Milan branch generated a net commission income of EUR 12.22 million (PY: EUR 6.82 million).

The net trading result shows a net gain of EUR 17.56 million (PY: EUR 4.81 million), primarily from FX and interest rate derivative transactions. The increase is mainly driven by adjustments to the fair value of derivative contracts (xVA-adjustments).

Other operating income contributed with a positive result of EUR 11.74 million (PY: EUR 17.10 million), derived primarily from insourcing Service Level Agreements (SLAs), predominantly middle and back-office services for SMBC Düsseldorf.

Administrative expenses of EUR 202.02 million (PY: EUR 191.87 million) include primarily personnel expenses of EUR 91.24 million (PY: EUR 81.09 million) and expenses related to outsourcing arrangements with Group companies of EUR 55.71 million (PY: EUR 51.77 million). Other administrative expenses are, amongst others, related to legal & consultancy fees of EUR 11.20 million (PY: EUR 14.65 million), VAT of EUR 11.13 million (PY: EUR 15.12 million) or global IT charges of EUR 9.05 million (PY: EUR 8.13 million). The increase in administrative expenses is primarily related to an increase in business volume, a higher number of employees and higher SLA charges. The Milan branch generated expenses of EUR 9.49 million (PY: EUR 8.62 million).

Amortisation, depreciation and write-downs for intangible assets and property and equipment of EUR 4.60 million (PY: EUR 7.06 million) relate to expenses for straight-line amortisation/depreciation of fixed assets and goodwill. Milan does not generate any expenses in this position, because assets are either rented or fully depreciated. The net result of write-downs and valuation allowances for receivables and income from write-ups of loans include net expenses incurred for portfolio loan loss allowances and reserves according to Section 340f of the German Commercial Code (HGB) in the amount of EUR 10.88 million (PY: EUR 35.88 million).

The tax expense of EUR 113.80 million (PY: EUR 105.58 million) relates to income tax expenses for profit generated. Milan generated tax expenses of EUR 21.09 million (PY: EUR 8.23 million). The increase in Milan results from an increased business volume as well as an adjustment to the tax expenses for fiscal year 2023/24.

IV. Forecast Including Business Opportunities and Risks

The Continental European Region enjoyed a strong start to 2025. Real GDP expanded by 0.6% compared to previous quarter across both the euro area and EU, marking the strongest pace of growth since 2022. Nevertheless, some caution is warranted in interpreting the data. The strength in the aggregate figure was in part driven by an outsized contribution from Ireland, where GDP figures can be volatile (and prone to revision) owing to the activities of multinational corporations headquartered in the country. The strong momentum at the start of the year may also have been flattered by a temporary boost in production and exports as companies looked to get ahead of trade restrictions announced by the United States (US) administration.

Global trade policy is in a state of flux. The US administration unveiled sweeping new tariffs on imports earlier this year, culminating in the announcement of a near-universal "reciprocal" tariff regime on 2 April. Since then, the US has engaged in bilateral trade negotiations with several jurisdictions. As these talks are still underway, the ultimate landing zone for tariffs remains unclear at this stage. However, the administration's conviction that tariffs can help correct the US's trade imbalances, boost fiscal revenues, and incentivize a reshoring of manufacturing all point to a meaningful level of tariffs remaining in place throughout the current administration's tenure.

The more protectionist economic environment will inevitably weigh on global economic activity. For export-oriented economies in Europe, the increased trade barriers they face from the US can weigh on export performance directly by reducing the competitiveness of goods relative to those produced locally, with the effect amplified by the recent appreciation of the euro. Trade friction can also weigh on economic activity through other channels. For example, increased uncertainty may contribute to delays in business investment decisions and may also dampen consumers' propensity to spend. Overall, many public and private sector institutions have marked down their growth projections for this year on the back of the more restrictive trade environment. The European Commission's most recent forecasts published in May 2025 envisage growth of 0.9% y/y in the euro area this year and 1.1% y/y in the EU, representing downward revisions of -0.6 percentage points in both cases relative to estimates published back in February 2025[4].

Still, while the external environment appears more volatile, there is scope for domestic demand to continue propelling activity this year and beyond. Labor market conditions remain sound across the whole union, with headline unemployment in the euro area standing at 6.3% in May, close to record lows seen earlier this year.[5] Despite some signs of cooling, the fundamental tightness of the labor market should continue to support nominal wage growth. Together with receding inflationary pressures, this will further boost household's spending power in real terms. Private investment may also benefit from the ECB's interest rate normalization cycle. The 200 basis points in cuts to the deposit rate implemented over the last year should progressively feed through to support financing conditions for the real economy. Finally, government spending also looks set to play an increasingly important role in driving economic activity; while national budgets remain constrained, EU policymakers have highlighted the need to prioritize spending on growth-enhancing infrastructure projects, as well as defense and security needs. At the national level, Germany's coalition government has notably pledged to make more use of its fiscal space, with a new €500 billion fund alongside changes to constitutional rules paving the way for a significant ramp up in spending. At the EU level, governments may also look to accelerate their use of funding allocations from the EU budget, including grants and loans available from the recovery and resilience facility (RRF). If EU public investment initiatives are implemented fully and in a timely way, the boost to short-term GDP and long-term growth potential could be significant. However, parallel structural reforms will also be critical in supporting the region's long-term competitiveness and resilience.

4 European Commission Spring 2025 Economic Forecast (https://economy-finance.ec.europa.eu).
5 Labor market data from Eurostat (https://ec.europa.eu/eurostat.

Against the backdrop of these external factors, we intend to continue executing our growth strategy focusing on improving profitability and growing revenues while remaining disciplined in our cost management despite inflationary pressures. We anticipate our business will grow further, even though demand for refinancing might be dampened due to the economic environment. Firstly, this growth will be generated by further development of the marketing activities. Secondly, growth will be generated by assets' lifecycle events originating from SMBC BI, notably loan extensions of EU customers being booked at their final booking destination, SMBC EU Frankfurt, as a result of Brexit.

To measure our development and success, we use the KPIs that are defined in section III.2 and which are aligned with our internal controls (namely ROE, CIR, CET1).

Considering the planned asset growth, we expect the CET1 ratio for SMBC EU Group to significantly decrease but remain well above the regulatory requirement. The bank is facing a phase of transformation and restructuring. The bank plans to make material investments in personnel and resources in the coming years. This is to be understood as a material investment in the bank's capabilities and strengths in the areas of governance, control and reporting. The transformation will have an impact on the bank's profitability in the short term. At currently 4.05% (previous year: 3.19%), the return on equity is expected to decrease strongly by the end of FY2025/26. We also expect the cost-income ratio, which was 40.3% in the current year (previous year: 41.0%), to rise noticeably. In addition to the above, both the return on equity and the cost-income ratio reflects an expected change in the interest rate environment, which has a negative impact on the bank's profitability. A similar development is expected at the level of SMBC EU AG.

SMBC EU Group will prepare for the next stage of accelerated growth. As such, the actual outlook for the next two to three years is a phase of investment in staff and capabilities in Germany, the Bank's branches and the subsidiary SNBL in Luxembourg. A stable revenue expectation will allow us to partially fund those investments. Despite that, we expect a decline in net income, which is forecasted to move sideways in the following next two years. The cost-income ratio will rise, and the bank will show a reduced return on equity. The SMBC EU Group's business model, throughout the planning period, will predominantly stay a loan-related business. Long-term funding will be covered by customer deposits and Group funding, complemented by the planned issuance of securities. Dependency on Group funding will be reduced in proportion relatively but increase in absolute terms. If there is a further deterioration in economic activity in the EU due to the current macroeconomic environment, the expected level of growth is likely to be reduced and should increase the level of loan losses.

The SMBC EU Group has analysed several possible scenarios and is adequately provided with liquidity and capital should a deterioration occur.

Our results could be impacted positively by a stronger than expected economic recovery and related demand for financing. Further, we see business opportunities in the field of sustainable financing solutions for energy supply and energy generation customers.

Events after the balance sheet date that are of material significance for FY2024/25 are included in the notes section on subsequent events.

V. Risk Report

1. Risk Management Framework

The SMBC EU Group's intended business model is to be an integrated corporate and investment banking institution that concentrates its resources on carefully selected sectors and regional customer partnerships in order to achieve sustainable and balanced long-term growth. The Executive Board defines the risk strategy, which is based on and consistent with the approved business strategy. The risk strategy's design, implementation and monitoring are achieved through the risk management framework. This framework comprises the following components: (i) the assessment and management of the Bank's capital and liquidity resources; (ii) the definition and determination of the Bank's risk appetite; and (iii) a series of processes to identify and assess, measure, control and mitigate the risks incurred in the pursuit of the strategic objectives and to report on these.

The Executive Board is ultimately responsible for the organisation, implementation and execution of risk management in the SMBC EU Group, including its branches. The Executive Board's overall risk control is carried out via the SMBC EU Group's organisational structure, the risk governance framework, and the internal risk control system.

Roles and responsibilities for risk management across the Bank

The SMBC EU Group uses the industry-wide standard Three Lines of Defence (3 LOD) model to manage its risks across the

enterprise. The model is used as a means to achieve and ensure an overall effective risk governance, management and assurance, reflecting and reinforcing the SMBC EU Group's internal control framework.

The 3 LOD approach separates the ownership and management of risks from the functions that monitor the risks and the function that provides independent assurance.

The 1st Line of Defence is responsible for identifying, implementing controls, regularly monitoring, and reporting on potential risks in the day-to-day operations of the respective departments. This responsibility lies with the process owners.

The Bank's risk management is a function of the 2nd Line of Defence and is independent of the business areas. It defines the risk management and compliance framework and monitors compliance with the risk appetite in the 1st Line of Defence. It is under the responsibility of the Bank's Chief Risk Officer (CRO), who is a member of the Executive Board.

The SMBC EU Group's risk management team includes the risk controlling function of 39 specialists (in addition to the CRO) who can rely on the operational support of SMBC BI's risk management resources and, for some aspects of derivatives risk management, on the risk management department of SMBC Nikko CM Ltd. Risk management services provided by SMBC BI and SMBC Nikko CM Ltd. are provided under outsourcing SLAs.

The 3rd Line of Defence analyses and secures the processes regarding risk management and control in the first two defence lines. Primary responsibility is in the scope of the Group Audit function.

Risk Committees

The SMBC EU Group has established four Risk Management Committees plus two sub committees to ensure sound overall management and monitoring of risks. Further details are provided within the first section.

In general, the responsibilities of the Risk Management Committees with respect to risk management matters are to provide a forum for monitoring and reviewing risk management as well as the design and execution of the risk management framework itself. Approval powers delegated to these committees are limited to non-strategic operational matters (for example: limit changes in market and liquidity risk if these are within the risk appetite, mitigation of non-material breaches of KRIs or Early Warning Indicators (EWIs)).

The Executive Board remains the ultimate body responsible for the risk management and operations of the SMBC EU Group.

In addition to the risk-related committees, the SMBC EU Group has implemented four transaction committees. These transaction committees are namely the PAC ('Product Approval Committee'), the CAC ('Credit Approval Committee') and the S-TAC ('Securities Transaction Approval Committee') and D-TAC ('Derivatives Transaction Approval Committee'). The PAC is responsible for the approval of new products, including implementation in accordance with MaRisk AT 8.1. The TACs and the CAC are responsible for approving individual transactions within each approved product.

Risk culture

The Executive Board is required to define, promote, assess and monitor an integrated and institution-wide risk culture. The SMBC EU Group focuses on embedding the risk culture through:

- **the 3 LOD model**, which clearly defines risk ownership, roles and responsibilities;
- **the governance structure**, which encourages transparency, debate and challenges within the SMBC EU Group's various committees;
- **the remuneration structure** and other human resource processes; and
- **the organisational guidelines** through which business activities are defined and conducted.

Risk strategy and appetite framework

The definition of the SMBC EU Group's risk strategy is an integral part of the strategic planning process, which involves the establishment of a multi-year plan based on business development planning, as well as the ICAAP and ILAAP assessments to maintain this plan. The core elements of the risk strategy related to ICAAP and ILAAP for the FY2025/26 were submitted to and approved by the Executive Board and the Supervisory Board in March 2025. The risk strategy was formally submitted to and approved by the Executive Board in May 2025. It is embedded in the SMBC EU Group's business and operations through the risk appetite framework (including all risk metrics), which defines its risk tolerance and thus the associated level of risk that SMBC EU Group is prepared to accept in the pursuit of its strategic objectives for the financial year.

The SMBC EU Group has identified four risk pillars, which are critical areas where the formulation of strategy is most

strongly influenced by the consideration of risk. High level strategic objectives are defined in strategic statements for each of the four pillars. These statements are further cascaded and embedded in the risk appetite framework through risk tolerances (quantitative measures to prevent the SMBC EU Group from exceeding the desired level of risk) and control measures and limits (a more granular set of metrics for reporting and controlling risks in accordance with the risk appetite). The overall risk appetite framework is supported by the various underlying risk management policies and procedures at business and individual risk levels.

The SMBC EU Group's risk appetite framework is structured into the following four pillars with the following high level strategic objectives:

1. Business model – Attaining and maintaining long-term sustainable growth.
2. Solvency and liquidity – Compliance with regulatory standards and minimisation of capital and earnings volatility.
3. Operational risk and resilience – Planning for all plausible operational risk scenarios and strict control of outsourced and insourced activities.
4. Business conduct – Putting the company's values, cultural statements and reputation with the wider stakeholder group at the centre of all business behaviours.

Capital and liquidity assessment process

The SMBC EU Group's corporate and risk strategic planning process is performed in alignment and simultaneously with the Bank's capital and liquidity requirements assessment and planning processes. The SMBC EU Group performs an annual ICAAP (see Capital Management section for details) as well as an ILAAP (see Management of Individual Risks section for details). The ongoing adequacy of resources is monitored throughout the financial year.

Core risk management processes comprising the risk management framework

Risk identification and assessment

The risk inventory process is the SMBC EU Group's key process for identifying and assessing the Bank's existing risks and associated controls. It assesses the applicability and criticality of each inherent risk listed in a generic risk library. For each applicable risk, it also assesses the effectiveness of associated controls and results in an evaluation of the severity of all residual risks to which the SMBC EU Group is exposed, and which could negatively impact the achievement of its strategic objectives.

The following risks have been identified as material within the meaning of MaRisk AT 2.2:

- Credit risk – especially credit quality and concentration risk
- Market risk – especially market price risks from underwriting activities
- Liquidity risk – especially solvency risk, funding concentration risk, funding cost risk, Group reliance and intra-day liquidity risk
- Operational risk – especially fraud; employment practices and workplace; clients, products and business practices; business disruption and system failure as well as execution, delivery and process management
- Enterprise risk – especially business risk, governance risk; culture risk; reputational risk and Group risk

Accordingly, the following risks have been identified as non-material: Interest risk rate in the trading and banking book, credit spread risk in the banking book, FX risk and CVA risk.

The above-mentioned significant risks are part of the ICAAP and/or ILAAP, which are performed from a normative and economic perspective. Liquidity risk, except for funding cost risk, as well as enterprise risk are not covered through capital requirements.

ESG-related risks are not considered as a stand-alone risk category. However, ESG-related risks act as drivers of the original risk categories. To assess the extent of the impact of ESG factors on the risk categories, SMBC EU conducted a transmission channel analysis. ESG transmission channels describe the causal relationship of how ESG risk drivers transform ESG factors into potential adverse impacts at the level of the original risk categories. ESG factors assessed as having a material impact on original risk categories are integrated in existing risk framework and processes.

As part of the transmission channel analysis, climate-related risk is considered to have a material inherent, long-term impact on credit risk. While the impact of climate risk on credit risk stands out in terms of materiality, a material impact of climate-related risks has also been identified with respect to liquidity (medium- to long-term), operational and enterprise risks (long-term). Social risk drivers particularly include the aspects that are recorded in the bank's risk inventory under the operational risk category "Employment Practices and Workplace Safety" and have been classified as inherently material. In addition, governance-related risk drivers have been assessed as materially impacting operational and enterprise risks.

Risk measurement and quantification

Pillar 1

In accordance with the regulatory capital requirements outlined under Pillar 1 of the Basel III framework, the SMBC EU Group has successfully implemented the updated regulatory standards. The transition to the new Basel III regime has been completed in a timely and effective manner, ensuring full compliance with the enhanced prudential requirements.

To align with the regulatory expectations and internal risk management strategy, the SMBC EU Group has adopted the following standardized approaches for the calculation of minimum capital requirements:

- **Credit Risk:** The SMBC EU Group applies the Standardised Approach for credit risk under Basel III, using external credit ratings to assign risk weights to exposures. The updated framework introduces several refinements to enhance risk sensitivity and regulatory alignment. These include, among others, adjustments to Credit Conversion Factors (CCFs)—for example, reducing the CCF for certain off-balance sheet items from 50% to 40%—as well as the introduction of more granular risk weights. Additionally, enhanced due diligence requirements have been implemented to ensure appropriate capital treatment in cases where external ratings are available.
- **Market Risk:** In line with the regulatory authority's official communication, SMBC calculates the capital requirements under the Fundamental Review of the Trading Book (FRTB) framework starting from fiscal year 2026/27. The framework, formally will be introduced in December 2025, aims to enhance the boundary between trading and banking books, improve risk sensitivity, and ensure more consistent capital requirements across institutions.
- **Operational Risk:** The Group applies the Standardised Measurement Approach (SMA) introduced under Basel III, which calculates capital requirements based on a business indicator and internal loss experience.

Pillar 2 and internal Pillar 2 Requirements

SMBC EU Group employs internal economic models to quantify capital requirements from both an economic and a normative perspective. For the economic view, these models provide a forward-looking assessment of capital adequacy based on the Group's internal risk profile and strategic objectives. In parallel, in the normative approach they are used to determine Internal Pillar 2 Requirements (iP2R), which address material risks not fully captured under Pillar 1.

The iP2R is compared against the supervisory Pillar 2 Requirement (P2R), with the higher of the two applied in calculating the Overall Capital Requirement (OCR). The iP2R also acts as a bridge between the economic and normative perspectives, incorporating economically assessed risks that may not be fully addressed in the normative framework.

The table below compares the methodologies applied under the iP2R framework with those used for the economic perspective across major risk categories.

Risk type	Calculation iP2R under normative approach	Calculation under economic approach
Material Risks		
Credit risk	Expected credit costs	Credit portfolio model (Monte Carlo Simulation 1 year)
Credit concentration risk	Portfolio model-based approach (difference between fully diversified portfolio and actual portfolio (1 year)	Credit portfolio model (Monte Carlo Simulation 1 year)
Loan underwriting risk	Methodology using Duration and historical Spread shifts (1 year)	Methodology using Duration and historical Spread shifts (1 year)
Funding risk	Historical simulation based on deterministic funding gaps and simulated spreads (1 year)	Historical simulation based on deterministic funding gaps and simulated spreads (1 year)
Operational risk	Scenario-based simulation of the loss distribution (1 year)	Scenario-based simulation of the loss distribution (1 year)
Non-Material Risks		
Interest rate risk in the trading book	Result of change in present value due to interest rate changes. Historical simulation Value-at-Risk (VaR) (recent and stressed period) (5 year recent, 1 year stressed)	Result of change in present value due to interest rate changes. Historical simulation Value-at-Risk (VaR) (recent and stressed period) (5 year recent, 1 year stressed)
Interest rate risk in the banking book	Result of change in present value due to interest rate changes (historical simulation VaR, 5 year recent, 1 year stressed)	Result of change in present value due to interest rate changes (historical simulation VaR,5 year recent, 1 year stressed)
FX risk	Historical simulation VaR (recent and stressed period) (5 year recent, 1 year stressed)	Historical simulation VaR (recent and stressed period) (5 year recent, 1 year stressed)
Credit spread risk in the banking book	Result of change in present value due to credit spread changes. Historical simulation VaR (recent and stressed period) (5 year recent, 1 year stressed)	Result of change in present value due to credit spread changes. Historical simulation VaR (recent and stressed period) (5 year recent, 1 year stressed)
CVA risk	Result of change in CVA due to risk factor changes. Historical simulation VaR (normal and stressed period) (5 year recent, 1 year stressed)	Result of change in CVA due to risk factor changes. Historical simulation VaR (normal and stressed period) (5 year recent, 1 year stressed)
Non-quantifiable	5-% Add-on over all quantifiable risks	5-% Add-on over all quantifiable risks

Stress testing framework

The SMBC EU Group uses a range of stress testing methodologies across the various risk categories. The methodologies, assumptions and results are submitted to the Enterprise Risk Management Committee for discussion and review and are ultimately approved by the Executive Board. The Bank's stress testing framework includes: (i) macroeconomic stress scenarios; (ii) operational risk scenario analysis; (iii) reverse stress tests; and (iv) sensitivity analysis. Regarding the macroeconomic stress scenarios, the SMBC EU Group defined three different stress scenarios, a global recession, an EU recession, and a climate changes scenario, which are applied in the ICAAP and ILAAP.

The parameters for the calculation of these macroeconomic scenarios are defined on a yearly basis within the ICAAP to reflect current market conditions and outlook. Each scenario, including a baseline which supports the Multi-Year Plan, is described with a storyline of drivers and benchmarked against regulatory scenarios. As stipulated by MaRisk, at least one scenario is a macroeconomic scenario, with a description of the scenario for the years 1 to 3 in the planning period. These scenario narratives are translated into a set of macroeconomic parameters for calculation of the scenario effects which are achieved by comparison against the impact of the baseline scenario. Although the scenarios are defined annually, they are monitored on a quarterly basis to ensure they remain relevant. If material deviations are observed—based on predefined thresholds, this would trigger a review and potential update of the scenarios to maintain alignment with evolving market conditions.

Stress Testing and Scenario Analysis

The SMBC EU Group employs a comprehensive stress testing framework across key risk categories, including credit, market, liquidity, and operational risks. A variety of quantitative and qualitative stress testing methodologies are used to assess the Group's resilience under adverse conditions. These methodologies are designed to capture both idiosyncratic and systemic risk factors.

The design, assumptions, and outcomes of all stress tests are reviewed by the relevant Risk Committees and are subject to challenge and validation before final approval by the Executive Board. This governance structure ensures that stress testing remains an integral part of the Group's risk management and strategic decision-making processes.

The framework includes the following components:

1. **Macroeconomic Stress Scenarios:** Two forward-looking scenarios are developed based on severe but plausible macroeconomic shocks (e.g., recession, interest rate spikes, geopolitical tensions). These scenarios assess the impact on capital adequacy, profitability, and liquidity.
2. **ESG Scenario Analysis:** This scenario evaluates the financial impact of sustainability risks, focusing on an immediate policy response to achieve a net-zero transition. It reflects elevated transition risks, physical risks and is complemented by idiosyncratic risk elements such as operational, reputational and business model risks.
3. **Reverse Stress Testing:** This method identifies scenarios that could render the Group's business model unviable, helping to uncover hidden vulnerabilities and define risk thresholds.

Together, these stress testing components provide a robust view of the Group's risk profile under extreme but plausible conditions, supporting proactive risk mitigation and capital planning.

Risk reporting

Regular and event-driven ad-hoc reporting on the risk profile of the Bank is submitted to the Risk Committees, the Executive Board and the Supervisory Board according to the terms of reference of each committee/meeting and as required by the economic environment. Limit and Early Warning Indicators are linked to a severity-based documented escalation process.

2. Management of Individual Risks

Credit risk

Credit risk at the level of individual counterparty and loan

As a bank focused on corporate lending, credit risk is the largest risk facing the Bank. In general, the SMBC EU Group assesses and manages the credit risk of individual loans using SMBC Group policies and procedures which have been adapted to local legal and regulatory requirements and specificities. The SMBC EU Group uses the global internal ratings framework from the SMBC Group to derive ratings for the credit risk of credit counterparties. The ongoing performance and validity of these rating models is managed in compliance with the SMBC EU Group's model risk management framework.

At the time of its establishment, the SMBC EU Group implemented a credit approval process that has been progressively enhanced to reflect the Group's growth.

Among other improvements, the strengthening of its credit sanctioning capacity, through an expanded senior management team, has contributed to enhancing both the quality and speed of the credit approval process. All credit decisions are taken by the SMBC EU Group's Executive Board or delegated bodies which are stipulated in SMBC Bank EU AG Credit Approval Authority Policy and follow an approval path that ensures the continuous segregation of duties. All credit risk decisions are taken after an initial recommendation by both the local front office and the credit risk analysis department (back office).

The Credit Risk Analysis Department is responsible for credit monitoring and the management of underperforming loans. Risk quantification is carried out through continuous monitoring of the obligor's performance under existing credit facilities, combined with periodic formal reassessments of the obligor's financial condition. This process includes regular reviews and updates of internal credit ratings, which serve as a key input for both economic capital modelling and regulatory capital calculations.

Credit portfolio risk

The quality of the credit portfolio, including concentration risks, is managed through a set of tolerances and limits set on single obligor groups, countries and economic sectors.

To manage the exposure to a single counterparty within the agreed internal single obligor limit, the SMBC EU Group uses a credit risk transfer mechanism (the risk participation scheme) under which the credit risk of the counterparty is transferred to another SMBC Group entity (generally SMBC Brussels branch). In order to mitigate the exposure to the SMBC Group created by the risk participation, SMBC EU can call collateral (usually provided as cash) from the SMBC Group up to the entire amount of the committed covered exposure.

Quantification of credit risk capital

Credit risk is quantified differently in the normative and the economic perspectives of the risk-bearing capacity.

In the normative perspective, risks that are not sufficiently covered under Pillar 1 are addressed through additional capital requirements under Pillar 2. For credit risk, the SMBC EU Group applies the Standardised Approach under Pillar 1 to calculate regulatory capital requirements.

Under adverse macroeconomic scenarios, additional capital needs are assessed by estimating incremental frontloaded credit costs over the 3-year planning horizon resulting from the deterioration of the credit portfolio. These additional credit costs represent the potential shortfall beyond Pillar 1 coverage and are used to determine the iP2R capital buffer required to maintain resilience under stress conditions.

Concentration risk is calculated as an add-on to the credit risk equal to the difference in capital requirement between a correlated credit risk model and a fully diversified calculation. The concentration risk is mainly driven by the structure of the portfolio and is not significantly influenced by adverse scenarios.

In the economic perspective, the calculation is made using a correlated Value at Risk (VaR) credit risk model, which estimates the loss distribution of the portfolio based on fair value changes due to credit rating migrations. The model also accounts for concentration risk, ensuring that exposure to individual counterparties or sectors are appropriately reflected in the overall risk profile.

The final capital requirements from credit risk as of March 2025 are as follows:

- In the normative perspective (18.0% of RWA): EUR 3,515.2 million (PY: EUR 3,280.2 million)
- In the economic approach (1 year): EUR 687.1 million (PY: EUR 744.4 million)

Structure of the loan portfolio as of 31 March 2025

SMBC EU employs two key approaches to measure credit exposure: gross exposure and net exposure. These approaches provide different perspectives on the Bank's risk profile and are essential for effective credit risk management.

Gross Exposure

Gross exposure represents the total nominal amount of a credit facility before any risk mitigation techniques are applied. It reflects the full size of the Bank's initial commitment and is used to assess the overall scale of credit activity.

Net Exposure

Net exposure, on the other hand, reflects the amount of risk retained on the Bank's books after applying risk participations or other risk transfer mechanisms. This measure provides a more accurate view of the Bank's actual credit risk, taking into account the effects of risk mitigation.

A key factor in the difference between gross and net exposure is the use of risk participation. This is a risk management tool that allows the Bank to transfer portions of its exposure to other financial institutions within the wider SMBC Group, thereby helping to manage internal limits, concentration risk, and overall credit risk more effectively.

Total credit exposure

When reconciling the total committed loan exposure with the balance sheet, it is important to note that the Nostro account balances—EUR 6.1 billion with the Deutsche Bundesbank (prior year: EUR 8.4 billion) and EUR 0.1 billion with SMBC entities—are excluded from the total exposure amount.

Total committed credit exposure as of the end of March 2025 on a gross and net basis:

	Risk Exposure amount as of 31.03.2025 (in million EUR)	Receivable amount as of 31.03.2024 (in million EUR)
Total gross exposure[1]	**30,405**	27,351
Total net exposure[2]	**29,219**	25,876
Net take %	**96.10%**	94.61%
Risk participation engagement	**1,186**	1,476
Risk participated exposure %	**3.90%**	5.39%

(1) Before risk participation.
(2) After risk participation.

Credit quality

For the purposes of credit risk management and credit risk capital assessment, the SMBC EU Group uses SMBC global internal ratings. Each internal rating reflects a probability of default (PD). For corporate customers, these internal ratings are assigned based on a quantitative and qualitative assessment of the borrower's financial standing and economic and business position.

Based on the Bank's internal rating model, the quality of the portfolio, under consideration of guarantees received, as of 31 March 2025, was distributed as follows:

Internal rating linked to annual PD	**Net exposure as of 31.03.2025 (in million EUR)**	Net exposure as of 31.03.2024 (in million EUR)
PD < 0.2%	**20,412.41**	18,522.22
0.2% <= PD < 2.0%	**7,260.92**	6,114.16
PD => 2.0%	**1,545.42**	1,239.18

The largest portion of the portfolio, EUR 12.81 billion, is concentrated in loans with a very low probability of default (PD) between 0.14% and 0.17%, reflecting strong credit quality. In contrast, loans with a PD of 0.71% or higher represent only a very small share of the total portfolio, amounting to just €4 million in net exposure. This distribution highlights the overall high credit quality of the SMBC EU Group's lending portfolio as of 31 March 2025. As of the end of March 2025, there were five customers with an impaired credit facility. In comparison with the previous reporting period, the average portfolio PD of the Bank has slightly deteriorated to 0.68% (PY: 0.60%). This marginal increase remains well within the Bank's defined risk strategy and does not indicate a material shift in credit quality. Nonetheless, the development is subject to continued close monitoring to ensure early identification of any emerging trends or potential risk concentrations.

Total exposure to non-performing loans was EUR 63.39 million as of the end of March 2025 (PY: EUR 102.10 million). The NPL ratio (Non-Performing-Loan-Ratio)[6] as of 31 March 2025 stood at 0.44% (PY: 0.82%). This decrease is primarily attributed to the successful sale of a non-performing exposure and the credit quality improvement of another obligor, which led to its reclassification out of non-performing status. These developments reflect ongoing efforts in active credit portfolio management and are consistent with the Bank's risk strategy.

6 The NPL ratio follows the EBA definition AQT 3.2. "Level of non-performing loans and advances". Receivables to central banks daily due and off-balance exposures are not considered.

Single counterparty exposure

The internal limit is dependent on the customer's internal credit grading. For example, the EUR 1.1 billion limit applies specifically to customers with the highest internal rating (G1). This limit is set below regulatory thresholds, providing a management buffer and ensuring a more conservative risk posture.

By aligning internal limits with credit quality, the Bank ensures that exposure levels are appropriately calibrated to the risk profile of each counterparty. The net committed exposure to the top 10 counterparties accounted for 17.94% (PY: 26.10%) of the total portfolio net committed exposure.

Country concentration

The country concentration as of 31 March 2025 is shown in the table below:

	Net exposure		Gross exposure	
Country	**as of 31.03.2025 (in million EUR)**	as of 31.03.2024 (in million EUR)	**as of 31.03.2025 (in million EUR)**	as of 31.03.2024 (in million EUR)
IT	**4,253.2**	4,807.2	**5,247.0**	5,390.1
NL	**3,800.9**	3,425.0	**3,800.9**	3,425.0
ES	**3,224.1**	3,015.6	**3,224.1**	3,015.6
FR	**2,501.7**	1,399.0	**2,501.7**	1,399.0
DE	**2,375.5**	2,546.7	**2,.375.5**	2,549.0
JP	**2,384.3**	1,628.6	**2,576.6**	2,518.9
CZ	**1,554.9**	1,102.0	**1,554.9**	1,102.0
Other	**9,124.2**	7,951.5	**9,124.2**	7,951.5

The country is defined as the risk country of the counterparty (i.e. the country where most of the revenues are generated) and is subject to an exposure limit of EUR 5,367 million, except for the following countries which are subject to different limits:

- Japan EUR 10,735 million
- Eastern European countries with increases risk due to the Russia-Ukraine conflict, which have a limit of EUR 2,684 million.

Sector concentration

The sector concentration is shown in the following table. The sector exposure of the Bank is well diversified and is subject to a limit of EUR 5,367 million with respect to each sector.

	Net exposure		Gross exposure	
Economic sector	**as of 31.03.2025 (in million EUR)**	as of 31.03.2024 (in million EUR)	**as of 31.03.2025 (in million EUR)**	as of 31.03.2024 (in million EUR)
Electric Utilities	**3,143.9**	3,450.2	**3,143.9**	3,450.2
Real Estate Operating Companies	**2,129.6**	1,059.4	**2,129.6**	1,059.4
Diversified Banks	**1,430.8**	984.6	**1,430.8**	984.6
Alternative Carriers	**1,229.5**	1,122.4	**1,229.5**	1,122.4
Internet Services & Infrastructure	**1,160.7**	1,553.9	**1,160.7**	1,553.9
Integrated Oil & Gas	**1,096.1**	1,177.1	**1,530.1**	1,177.1
Renewable Electricity	**991.6**	443.3	**991.6**	443.3
Integrated Telecommunication Services	**936.4**	988.1	**936.4**	988.1
Industrial Conglomerates	**902.1**	513.8	**1,654.2**	631.68
Oil & Gas Storage & Transportation	**818.5**	656.5	**818.5**	656.5
Auto Parts & Equipment	**725.7**	620.8	**725.7**	620.8
Wireless Telecommunication Services	**649.3**	683.7	**649.3**	683.7
Others	**14,004.4**	12,621.2	**14,004.4**	13,979.4

Compared to the previous year, the sector concentration of the portfolio has shifted based on net exposure. Notably, exposures to both Renewable Electricity and Real Estate sectors have doubled, reflecting a significant increase in lending activity within these key economic areas.

Market risk

The SMBC EU Group's risk appetite is low, as the risk strategy for the banking book and trading book business consists of largely hedging the market price risk through back-to-back hedging transactions with Group companies with congruent maturities and amounts. Risks to a minor extent remain in relation to interest rate risk in the banking book, credit spread risk, foreign currency risk (FX risk), CVA risk and the basis risk from derivative transactions.

Foreign currency risk (FX risk)

Foreign currency risk (FX risk) refers to the potential financial loss that can arise from fluctuations in the currency exchange rates. The FX risk of the SMBC EU Group comprises FX risk in the banking book resulting from currency mismatch between asset and liability and in the trading book resulting from trading activities.

From a normative perspective, the foreign currency risk is calculated using a historical simulation Value-at-Risk model at a 99% confidence level and from next year in accordance with the FRTB. From an economic perspective, the foreign currency risk is determined by net cash flows in non-euro currencies, which are mainly driven by currency mismatches in assets and liabilities. FX risk in the trading book is minimal due to the back-to-back nature of the trades and is mainly driven by margin on client-side in non-EUR currencies. Economic capital quantification of FX risk is done using a historical simulation Value-at-Risk approach at 99.9% confidence level.

In the normative perspective, the capital requirement is EUR 17.8 million. In the economic perspective, a value at risk of 99.9% is calculated using a historical simulation. The foreign currency risk as at the end of March 2025 is EUR 18.5 million.

Interest rate risk in the trading book

The Interest rate risk in the trading book arises from the derivatives business with customers. In accordance with the trading strategy, all positions are closed out by means of corresponding mirror transactions on a back-to-back basis. A residual interest rate basis risk arises from asymmetrical CSA agreements between customers and group companies. This risk is measured and monitored using limits on basis point value (BPV), VaR and stop-loss limits.

In the normative perspective, a risk amount is calculated using a historical simulation Value-at-Risk model at a 99% confidence level. The capital requirement is EUR 3.9 million.

In the economic perspective, a VaR at 99.9% confidence level is calculated using a historical simulation. The risk position as of March 2025 is EUR 5.4 million.

The market price risk from other capital market activities, such as trading in fixed-interest securities or issuing securities, is zero, as the hedging with SMBC CM Ltd. London is carried out completely and without risk.

Interest rate risk in the banking book

The SMBC EU Group's main exposure to interest rate fluctuations is on the banking book positions (IRRBB). IRRBB is actively managed using interest rate derivatives. All interest-bearing positions with a fixed interest rate of more than one year are closed out with an offsetting transaction with matching maturities and amounts. As part of the risk-bearing capacity calculation, this risk is quantified using a risk value from a sensitivity-based historical simulation Value-at-Risk applying a 99% confidence interval for the normative perspective.

For the economic perspective a confidence interval of 99.9% is used.

In the normative approach a risk addon based on the above-described methodology is EUR 57.4 million. In the economic perspective the risk position as of end of March 2025 is EUR 58.1 million.

Credit spread risk in the banking book

Credit spread risk in the banking book (CSRBB) is driven by changes of the market price for credit risk, for liquidity and for potentially other characteristics of credit-risky instruments, which is not captured by another existing prudential framework such as IRRBB or by expected credit/(jump-to-) default risk. CSRBB captures the risk of an instrument's changing credit spread while assuming the same level of creditworthiness.

The range of products that are sensitive to credit spread change are loans held for sale including committed lines (underwriting business) and bonds available for sale (incl. HQLA). The modelling approaches differ depending on the products evaluated. For liquid bonds, the model incorporates the liquidity risk (risk associated with cost of liquidating the bond) within the historical simulation.

As part of the risk-bearing capacity calculation, this risk is quantified using a risk value from a sensitivity-based historical simulation Value-at-Risk applying a 99% confidence interval for the normative perspective. For the economic perspective a confidence interval of 99.9% is used.

In the normative approach a risk addon based on the above-described methodology is EUR 3.2 million. In the economic perspective the risk position as of end of March 2025 is EUR 3.4 million.

Credit Valuation Adjustment (CVA) risk

The CVA risk in SMBC EU arises primarily from the derivatives business with customers not covered under the SMBC Tokyo Guarantee. This risk is measured by calculating the impact on CVA from a change in the credit default swap (CDS), interest rates and FX risk factors.

In the normative approach, the potential loss estimation is based on the changes in rates and market prices that affect the CVA value of a portfolio. These changes in market prices are driven by underlying movement in the Interest Rates, FX and CDS risk factors. The portfolio CVA Value-at-Risk (VaR) is estimated by simulating the historical movements of these risk factors over a 5Y recent history and 1Y stressed period to calculate a sensitivity-based portfolio Profit and Loss (PnL) at 99% confidence level. The holding period is 250 days. For the economic perspective a confidence interval of 99.9% is used.

In the normative approach a risk addon based on the above-described methodology is EUR 2.6 million. In the economic perspective the risk position as of end of March 2025 is EUR 6.1 million.

Loan underwriting risk

SMBC EU Group engages in syndication in the form of loans, facilities, and guarantees. The underwriting business was established with the explicit objective of distributing loans in the secondary market, except for the portion retained by the SMBC EU Group itself. These retained positions are fully covered through the Group's credit risk calculation to ensure appropriate risk assessment and capital adequacy.

This objective of placing and selling positions on the market also generates a market risk component—namely, the risk that the value of the loan may decline—which is actively monitored and limited. The limit structure includes controls for total unsold risk exposure, both at the product level and in aggregate.

A stress loss is computed monthly based on the unsold exposure for that month. Shock factors in credit spreads are computed over a 12-month period. The stress loss is quantified as the product of the unsold exposure, validated standard duration factors and the shock factors.

The underwriting risk stress loss, calculated based on the unsold underwriting position as of the end of March 2025, was:

- Normative iP2R = EUR 5.3 million (PY: EUR 114.5 million)
- Economic Approach = EUR 6 million (PY: EUR 121.1 million)

Due to the volatile nature of the business, underwriting risk fluctuates significantly. As underwriting risk is calculated based on unsold positions, the very low volume of such positions as of March 31, 2025, resulted in very low underwriting risk at that reporting date.

Liquidity risk

Background and risk strategy

The liquidity risk management framework ensures that the SMBC EU Group maintains an adequate level of liquidity in all plausible scenarios and appropriately plans future funding and liquidity requirements. The SMBC EU Group has also implemented a Liquidity contingency plan to define measures and steps to be taken in case of a deterioration of the liquidity and funding position of the Bank. In accordance with the Risk Appetite Framework, the SMBC EU Group aims to achieve solid liquidity management and a well-diversified financing structure.

Liquidity risk is controlled within the three Lines of Defence (LOD) model. As the 1st Line of Defence, the treasury department manages the liquidity risk. The risk management department represents the 2nd Line of Defence and is responsible for establishing the liquidity risk management framework and the exercise of oversight. Internal Audit, as 3rd Line of Defence, audits the adequacy of the internal control systems and if an effective internal control environment has been established.

The assessment of liquidity needs is fully integrated into the annual strategic planning process through the independent ILAAP. The ILAAP is aligned with the corporate strategy and with the capital assessment process (ICAAP) and considers the funding requirements required to support the corporate strategy. Through the risk identification and assessment processes, the ILAAP identifies the scenarios and risks that are relevant for the SMBC EU Group and measures those risks in relation to short-term and longer-term base and stressed environments. The ILAAP is assessed, documented and reviewed at least annually and approved by the Executive and Supervisory Boards. For the FY2024/25, it was approved by the Executive Board and the Supervisory Board in March 2024 and is the basis for the management of liquidity in FY2024/25.

The ILAAP reviews all elements of the liquidity risk framework, including the liquidity risk appetite (including all associated risk metrics), the stress testing framework and the contingency plan.

Liquidity risk monitoring and key performance indicators

In accordance with the Bank's risk profile and ILAAP requirements, the Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR) have been monitored daily. The NSFR is a minimum standard for reducing refinancing risk over a longer time horizon. The required stable funding has always been met in accordance with the NSFR requirements.

The LCR is another regulatory requirement under Basel III that ensures banks hold enough High-Quality Liquid Assets (HQLA) to cover their total net cash outflows over 30 days during a period of intense financial stress. The aim is to promote short-term resilience of banks to potential liquidity disruptions by ensuring they can meet their immediate obligations without being forced to sell assets at a loss. The SMBC EU Group maintained a HQLA buffer, held in cash at Deutsche Bundesbank.

For the management of the liquidity position in the day-to-day business, the SMBC EU Group has implemented three main measurements: (i) LCR; (ii) NSFR; and (iii) Money Gap. The SMBC EU Group aims to maintain LCR levels in excess of 120% warning and 110% limit, and NSFR levels in excess of 115% warning and 105% limit, respectively. Money Gap is the Bank's primary method for monitoring and managing its business-as-usual dispositive liquidity requirements. The purpose of the Money Gap is to limit the SMBC EU Group's reliance on short-term funding (its scope includes assets and liabilities with tenors between overnight and one month) as well as to ensure a sufficient level of day-to-day liquidity. The limits and framework are reviewed on an annual basis and approved by the Executive Board.

Other risk measurement and controlling measures include stress testing framework and Early Warning Indicator (EWI) framework focusing on market indices and benchmarks and key idiosyncratic liquidity metrics. The survival period, EWIs, as well as other limits and tolerances are linked to the Bank's liquidity contingency plan.

Risk factors

An increase in liquidity risk may arise through the following risk factors, either alone or in combination:

- Funding risk
- Drawdown risk
- Funding concentration risk
- Intragroup reliance Risk

Liquidity stress tests

As part of the ILAAP process, the SMBC EU Group assesses its key liquidity risk drivers. Liquidity stress tests are used to test the vulnerability to liquidity outflows and the adequacy of its liquidity buffer in market, idiosyncratic and combined scenarios.

Liquidity stress test framework

The liquidity stress testing framework is designed to assess the adequacy of the bank's liquidity buffer under certain liquidity stress testing scenarios at a given point in time and incorporates several elements based on the risk assessment to determine an appropriate level of risk appetite. The following stress tests are incorporated into the liquidity stress testing framework:

1. Stress test to determine the survival horizon: Liquidity stress test that is calculated as part of the SMBC EU Group's survival horizon tolerance at a specific point in time on the basis of stressed outflow and inflow rates according to specific scenarios.
2. Reverse Stress Test: Monthly stress test used to ascertain the circumstances under which the SMBC EU Group could not survive for a minimum 30 days with additional deposit outflow and committed facilities drawdowns.
3. FX Stress Test: Monthly stress test of non-EUR major currencies to understand the liquidity impact of foreign currency positions.
4. Intraday Liquidity Stress Test: Monthly stress test to better understand the intraday condition and to allow further evaluation of potential stress situations and determine early response actions.

5. Ad-Hoc: Additional balance sheet specific liquidity stress test scenarios might be used according to the needs.

The main risks are used as an anchor point when creating the narratives of the scenarios to address the assessed weaknesses of SMBC EU Group.

The scenarios were then selected and created through an identification and assessment process. Regarding the survival stress test the SMBC EU Group has defined three stress scenarios:

1. Global market recession
2. SMBC idiosyncratic liquidity stress test
3. Combined liquidity stress test (combination of market and idiosyncratic)

As of end of March 2025 the survival period on the combined liquidity stress scenario (most severe scenario) was 64 days and thus above the Bank's target of 30 days. In the reverse stress test, the survival period amounted to 29 days identifying the critical point between reverse and regular stress test with regard to deposits outflow and drawdowns under committed lines.

In addition to these liquidity risk-specific stress tests, the SMBC EU Group uses the adverse scenarios as per ICAAP to estimate the impact on its liquidity position, specifically the impact on NSFR and LCR ratios. For end of March 2026, the NSFR reduces to 105%, while the LCR reduces to 110% in the global recession scenario, which is the most severe scenario for both the NSFR and the LCR.

Liquidity risk position as of 31 March 2025

The SMBC EU Group's main liquidity and funding source is its parent. As of 31 March 2025, all liquidity limits and ratios were fulfilled, and no limit breach was observed during the last financial year.

As of 31 March 2025, the Bank's HQLA stood at EUR 5,983 million (PY: EUR 8,545 million), all held as central bank reserves at the Bundesbank. LCR stood at 145% (PY: 129%) and NSFR at 130% (PY: 131%).

Funding risk

Funding risk is a risk arising from higher funding costs due to a shift in funding spreads which are determined as a delta between the market yield curve and the funding curve of the institution. Funding risk results primarily from the maturity transformation and the maturity ladder as well as the simulation of funding spreads over market yield.

Economic capital is calculated by measuring the hypothetical additional cost for closure of all open liquidity gaps within the upcoming 12 months at a confidence level of 99% (normative approach) and 99.9% (economic approach) applied on simulated funding spreads. Deterministic cash flows including amortisations are used as basis for the calculation. For the determination of the funding spreads, a historical simulation is used.

The expected financing costs under normative perspective amount to EUR 38.2 million (99% confidence level, holding period of 250 days).

The expected financing costs under the economic perspective from March 2025 amount to EUR 66.0 million (99.9% confidence level, holding period of 250 days).

Operational risk

The SMBC EU Group defines operational risk as the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This includes legal risks but excludes reputational. Operational risks have very heterogenous causes and propagation mechanisms. The diversity of potential operational losses is covered by diverse operational risk scenarios that are identified by process-, governance-, and system-owners as well as HR. Significant drivers of operational risk are complexity, weak controls, and missing corporate values.

The operational risk taxonomy of the SMBC EU Group is based on industry standards as projected by the Basel Committee on Banking Supervision in the document International Convergence of Capital Measurement and Capital Standards. The primary objective of the Bank's operational risk management framework (ORMF) is to identify, measure, monitor, mitigate, report and escalate operational risks matters.

Key elements of the Bank's operational risk management framework include:

- Tolerances related to Operational Risk;
- Operational Risk Event Reporting;
- Issue Management;
- Risk and Control Self-Assessment;
- New Product and Services Process;
- Governance Framework for the Key Risk Indicator (KRI);
- Operational Risk Scenario Analysis;
- Third Party Risk Management;
- Project Impact Risk Assessment (PIRA); and
- Training on Operational Risk.

Operational risk capital assessment

The SMBC EU Group uses the standardised approach (TSA) for the calculation of its regulatory capital requirement for operational risk under Pillar 1.

The SMBC EU Group assesses all additional capital requirements for operational risk using a loss distribution approach (LDA) based on historical loss data and additional loss scenarios. The LDA uses a frequency and a severity distribution to calculate operational risk exposure that must be covered with capital. The frequency distribution is based on the historical loss events of the SMBC EU Group and SMBC Group, which are recorded in the loss event database as well as external loss data. The severity distribution is based on the results of internal scenario analysis covering potential damages for each operational risk category. In the adverse scenarios operational risks are stressed by increasing the likelihood of particular events (frequency) of events, that have been considered as affected in the scenario.

The operational risk in the risk-bearing capacity is performed quarterly and can be subdivided into three major steps. Starting with the provision of scenarios, the SMBC EU Group provides quarterly data for the operational risk scenarios and different scenario sets for the base and the adverse case. Based on the scenarios, the calculation of the operational risk scenario is done in SMBC BI modelling, the Operational Risk Management Group (ORMG) in SMBC BI provides an update on the loss data used for the calibration of the frequency distribution (SMBC BI and SMBC EU loss data). The data for the calibration of the severity distribution is refreshed annually and not updated during the year. The results obtained from the calculation are used for the risk-bearing capacity whereby a 99% confidence level is used in the normative approach, and a 99.9% confidence level is used in the economic approach.

As of 31 March 2025, the SMBC EU Group calculates Pillar 1 capital requirement for operational risk in its risk-bearing capacity calculation of EUR 47.5 million (PY: EUR 28.1 million). Changes are mainly due to increased operational income. In addition, in the normative approach the SMBC EU Group calculates additional risk capital requirement for operational risk of EUR 58.1 million (PY: EUR 50.6 million). In the economic approach the risk capital required for operational risk amounts to EUR 266 million (PY: EUR 160.5 million) mainly driven by the assessed increase of operational risk due to Group operations, accompanied by increased process-related requirements and operational tasks.

The central collection of loss data enables the SMBC EU Group to detect specific patterns, concentrations and trends of operational risks. Therefore, in addition to direct losses (for which no materiality threshold is defined), the SMBC EU Group records indirect losses, near misses, opportunity costs and real concerns, as well as implemented measures. A report of the loss data is provided to the Executive Board on a regular basis. The Board can take additional measures to control risk on this basis.

As of 31 March 2025, the SMBC EU Group had experienced KEUR 38.2 of operational losses over the last financial year (PY: KEUR 292.2). In total, 12 operational risk loss events impacting SMBC EU Group were reported.

In terms of the development of the individual risk categories that determine the overall internal risk indicator for operational risks, deteriorations were observed in relation to Data Confidentiality Risk, Payments and Settlement Risk, Product Design, Intra-Group Outsourcing Risk, Regulatory Breaches – Financial Crime, Regulatory Adherence/Changes, Business Disruption Due to Unavailability of ICT Solutions. Improvements were recognised in the areas of People Risk, Cyber Security, Inappropriate Change/Project Management, Fraud and Theft, Processing Errors.

Risk Level	Category	Target/Threshold	Actual as of 31 March 2025
High	Fraud and Theft	>=33/66	0
High	Cyber Security	>=33/66	6.25
High	People Risk	>=33/66	11.54
Medium	Risk Related to Tax Matter	>=33/66	0
Very high	Inappropriate Change/Project Management	>=33/66	7.14
Low	External Vendor and Supplier Risk	>=33/66	20
Very high	Business Disruption Due to Unavailability of ICT Solutions	>=33/66	27.78
Low	Damage to Physical Assets	>=33/66	0
Medium	Processing Errors	>=33/66	0
High	EUC Risk	>=33/66	0
Very high	Regulatory Adherence/Changes	>=33/66	26.47
Medium	Product Design	>=33/66	10
Medium	Sales Process	>=33/66	28.57
Medium	Data Confidentiality Risk	>=33/66	33.33
Very high	Market Conduct	>=33/66	0
Very high	Conflicts of Interest	>=33/66	0
Very high	Regulatory Breaches – Financial Crime	>=33/66	12.5
High	Regulatory Reporting Failure	>=33/66	0
Medium	Payments and Settlement Risk	>=33/66	16.67
Very high	Group Outsourcing Risk	>=33/66	35.71

The values here are defined as the average status of the indicators. [all red = 100, all yellow = 50, all green = 0]

SMBC EU Group's business model relies extensively on intra-group outsourced operations and control of this is a key element of the operational risk strategy and risk management framework. Outsourcing risk management is an element of operational risk. It is integrated into the operational risk management framework but documented separately and controlled through specific metrics. The overall metric for outsourcing risk deteriorated and was flagged amber as of end of March 2025.

Enterprise risk

Enterprise risk combines risks that materialise through other risks and are thus measured through these respective models. It covers reputational risk, business risk, governance risk, culture risk, and group risk.

Reputational risks may arise from loss of confidence through SMBC EU Group's actions, peers' actions or unsubstantiated rumours and mainly materialises through business risk and liquidity risks. Business risks encompass a flawed strategy and/or execution, an unfavourable business or competitive environment and mainly materialises through exposure volume & pricing risk. Governance and culture risk are closely connected risk types and primarily materialise through other risks, in particular operational risks (like Internal Fraud, Clients, Products and Business Practices risk, Legal Risk etc.) and can accordingly be modelled via operational risk scenarios. Group risk is closely connected to liquidity risk, especially funding cost risk. Group risk may in turn also increase business risk or lead to operational risks due to the interconnectivity of the Bank with its parent or other Group entities.

Enterprise risks either materialise through other risk types, and thus are indirectly covered in the capital requirements of these risks, or they are assessed through scenario analysis with impact on PnL and capital. Consequently, no additional capital requirements are calculated for enterprise risk. Enterprise risk is fully covered in the elements of the risk management framework.

ESG-related risks

In the past year, SMBC EU Group made further progress in embedding ESG risks into its risk management framework. Building on a newly developed Climate Risk Model, SMBC EU Group applied a climate overlay to credit cost projections in the ICAAP base case. The existing Net Zero transition scenario was further developed into an adverse scenario with enhanced granularity and the inclusion of idiosyncratic elements, such as an operational risk component related to greenwashing. A dedicated ILAAP scenario is aligned with the assumptions of the corresponding ICAAP scenario, ensuring consistency in ESG risk assessment across capital and liquidity planning. A supplementing long-term scenario analysis covering a 30-year horizon was implemented, enabling a more forward-looking assessment of climate-related risks. ESG risk appetite metrics were formally introduced to support ongoing monitoring and management of ESG risks. At the obligor level, the Climate Change Rating Assessment (CCRA)

model has been further enhanced; and a ES Due Diligence (ES DD) tool for in-depth E and S-risk assessment introduced to achieve systematic ESG analysis in the credit lifecycle. The transmission channel analysis was also refined through a more granular mapping of ESG factors and an improved sector-specific view on credit risk-related impacts. In addition, the Sustainability Risk Framework was enhanced to further improve risk governance and control processes with evolving regulatory and stakeholder expectations. Further sustainability strategy related management are detailed in a separate section.

3. Capital Management

The SMBC EU Group's capital management relies on the continuous monitoring and assessment of the Bank's risk-bearing capacity. The risk-bearing capacity of the SMBC EU Group is assessed by calculating the internal capital required to cover not only all material risks identified through the risk register process, where capital is considered an appropriate mitigant, but also relevant non-material risks, ensuring a comprehensive and prudent approach to risk management. The SMBC EU Group assesses its risk-bearing capacity under two approaches: (i) a normative; and (ii) an economic perspective.

Within the normative approach, the SMBC EU Group analyses its ability to fulfil its regulatory requirements over a three-year planning horizon under a base and several adverse scenarios. Under the economic approach, the SMBC EU Group analyses its ability to cover all its economic risks at a point in time for base and adverse scenarios. For Pillar 1, risks are calculated based on the Standardised Approach (SA). For benchmarking purposes, iP2R involves the use of internal quantification methodologies to assess risks that are either not covered or not sufficiently covered under Pillar 1. If deemed not covered adequately under Pillar 1, or if not covered at all under pillar 1, an additional internal quantification of the risk is determined and compared to the regulatory requirement for P2R. In the economic approach, all risks are quantified based on present value methods (an overview of the methodologies can be found in the section Risk Identification and Assessment).

Under both approaches, all material and also relevant non-material risks are quantified and aggregated to determine the required amount of capital. In general, material risks identified through the risk register process are mitigated by holding capital resources and quantified as part of the Bank's initial capital assessment and ongoing risk-bearing capacity analysis. Liquidity risk, except for funding risk, is not covered by capital resources, but by liquidity reserves, as the primary aim is to ensure sufficient liquidity at all times. Enterprise risk is also not directly covered by capital resources. Due to its cross-risk nature of enterprise risk types, Enterprise risks either materialise through other risk types, and thus are indirectly covered in the capital requirements of these risks, or they are assessed through scenario analysis with impact on profit and losses and capital.

The aggregated amount of required capital is in turn compared with the available amount of capital (i.e., risk coverage potential). In the FY2024/25 capital planning assessment, for both the normative and economic perspectives, the SMBC EU Group's available capital used to determine its risk coverage potential is derived from the regulatory capital amount, with specific adjustments made under the economic perspective to obtain the economic capital as defined by regulatory requirements. As of the end of March 2025, the risk coverage potential after all adjustments was calculated as EUR 5,642.1 million in the normative approach (PY: EUR 5,163.7 million) and EUR 5,344 million in the economic approach (PY: EUR 5,079.0 million).

Results of the normative approach as of 31 March 2025

As part of the ICAAP for the FY2024/25, the SMBC EU Group has set an internal target (risk appetite) to maintain a Total Capital Ratio of 18.0% at all times. This target includes a 3.0 percentage points management buffer above the Overall Capital Requirements (OCR), ensuring a prudent capital position that supports the Group's risk-bearing capacity and strategic objectives. As of the end of March 2025, the risk-bearing capacity assessment and the contribution of material risks were as follows:

		Current year Amount (in million EUR)	Previous year Amount (in million EUR)
Total risk weighted assets (RWA)		20,746.9	19,301.9
Pillar 1 regulatory capital requirement	Credit risk	1,562.3	1,457.8
	CCR (SA)	49	51.4
	Market risk	0.2	0.0
	Operational risk	47.5	28.1
	CVA	1.0	–
	FX	0.0	–
	Settlement	0.0	–
Total Pillar 1 capital requirement (based on 8% of RWA)		1611.2	1,544.1
iP2R Kapitalanforderungen	**Material Risk**	**–**	**–**
	Credit risk		
	Concentration risk	49.6	37.5
	Underwriting Risk	5.3	114.5
	Operational Risk	58.1	50.6
	Funding Risk	38.2	58.0
	Non-Material, Quantifiable Risk		
	IRRBB	57.4	76.8
	FX Risk	17.8	0.1
	CSRBB	3.2	–
	Interest Rate Risk in the Trading Book	3.9	5.0
	CVA Risk	2.6	–
	Non-Material and Non-Quantifiable Risk Buffer (5%)	11.8	–
Total iP2R capital requirement (based on 8% capital ratio)		247.9	342.5
Total capital requirement (TSCR)		1,859.1	1,886.6
Total capital requirement for Total Capital target ratio of 18.0% (Pillar 1 RWAs only)		3,734.4	3,473.3
Available Total Capital		5,642.11	5,163.7
Total Capital Ratio		27.20%	26.75.%

The table above presents the regulatory capital requirements under Pillar 1, calculated as 8% of the total Risk Weighted Assets (RWA).

In addition to Pillar 1 requirements, the SMBC EU Group applies the normative approach to determine internal capital needs under iP2R. This approach captures risks not fully captured by Pillar 1 methodologies. The internally calculated iP2R is benchmarked against the supervisory P2R set by the competent authority. Where the internal P2R exceeds the regulatory benchmark, the higher internal value is applied in determining the Overall Capital Requirement (OCR), which also includes the relevant CRD IV combined capital buffers above Pillar 1 and P2R.

Subsequently, the SMBC EU Group assesses compliance with the total capital requirement defined in the Risk Appetite Framework (RAF), currently set at 18%. The RAF also incorporates a management buffer above the OCR established by the competent authority, ensuring a conservative and resilient capital position is maintained.

The presentation of values is limited exclusively to the consolidated group figures. A separate disclosure of the standalone (solo) values has been omitted due to the immaterial nature of the deviations between the group and standalone values, as well as the absence of any structural differences.

Capital planning for financial year 2025/26 and beyond

The Bank adopts a forward-looking normative perspective in the capital planning process, assessing expected capital requirements over a three-year horizon under both baseline and adverse scenarios. The baseline scenario and adverse scenarios are aligned with the Bank's multi-year planning framework, which supports the broader corporate strategy.

To assess resilience under stress, the SMBC EU Group developed three adverse scenarios: two macroeconomic stress scenarios and one climate change scenario. The most severe scenario was a global recession, primarily driven by escalating global trade tensions resulting from tariffs, the ongoing Russia-Ukraine conflict, and heightened geopolitical instability in the Middle East.

As part of its capital planning process, the Bank projects that its Total Capital Ratio will consistently remain above the revised risk appetite threshold of 17%, which was formally approved by the Executive Board and Supervisory Board in March 2025 for the three-year planning horizon.
The anticipated integration of the Paris branch is expected to enhance portfolio diversification and result in a lower overall risk profile, which allows for the reduction from 18% to 17%. This ratio is expected to be maintained through to March 2028, despite a slight decline anticipated at that time due to continued growth in the existing portfolio and asset expansion following the Paris branch transfer. However, with the implementation of planned risk participation measures, the Total Capital Ratio is expected to remain above the approved 17% threshold throughout the entire forecast horizon. In line with the capital planning assumptions and the underlying risk quantification methodologies, the projected Risk-Weighted Assets (RWA) and the associated capital required to cover these risks are presented below for the upcoming three-year period:

- 31 March 2026: RWA: EUR 31,850 million and Total Capital: EUR 5,681 million
- 31 March 2027: RWA: EUR 33,914 million and Total Capital: EUR 5,803 million
- 31 March 2028: RWA: EUR 35,983 million and Total Capital: EUR 5,935 million

The SMBC EU Group adopts a proactive approach to capital utilisation, ensuring robust oversight and effective management of exposures. Gross exposures are actively managed through hedging strategies supported by the wider SMBC Group, aligning with the Group's capital planning objectives. Throughout the financial planning period, the Group expects to remain fully compliant with the capital risk appetite threshold.

Results of the economic perspective as of 31 March 2025

As of the end of March 2025, the quantification and distribution of risks under the economic approach were as follows:

Risk Type	Current year Amount (in million EUR)	Previous year Amount (in million EUR)	Limit (in million EUR)	Utilisation
Material Risks				
Credit Risk and Concentration Risk	687	744	1,440	47.7%
Funding Risk	66	97	135	48.9%
Market Risk from Loan Underwriting	6	121	170	3.5%
Operational risk	235	161	300	78.5%
Non-material, Quantifiable Risks				
CCR (Derivatives)	0	0	13	1.1%
CVA (Derivatives)	6	0	26	23.8%
Interest Rate Risk in the Trading Book	5	8	40	13.6%
FX Risk (Banking and Trading)	18	0	65	28.4%
CSRBB	3	N/A	6	57.0%
IRRBB	58	59	150	38.7%
Non-Material and Non-Quantifiable Risk Buffer (5%)	54	N/A	N/A	N/A
Total Capital Requirements	1,140	1,190	5,344	21.3%

All limits under the economic perspective were complied with in the financial year; the risk-bearing capacity under the economic perspective was maintained at all times.

ICAAP

The annual Internal Capital Adequacy Assessment Process and the ongoing assessment and monitoring of risk-bearing capacity are overseen by the appropriate governing bodies within the SMBC EU Group. The newly established Enterprise Risk Management Committee (ERMC) has been designated as the principal forum for steering ICAAP-related activities, including progress tracking, results review, and the validation of underlying models and assumptions. The Executive Board remains ultimately accountable for the oversight of the institution's risk-bearing capacity assessment. During the annual capital assessment exercise and review process, monthly updates are made to the Executive Board on the progress of the analysis and all supporting components, having first been discussed, reviewed and challenged in the ERMC. The continuous monitoring of the SMBC EU Group's risk-bearing capacity is also within the remit of the ERMC. The reporting of the risk-bearing capacity assessment is split into three parts:

- monthly point in time calculation under both normative and economic approaches excluding planning components and modelling of adverse stress scenarios;
- Quarterly calculations under both approaches, incorporating three-year planning parameters as defined in the annual ICAAP review process. This includes all adverse macroeconomic scenarios currently defined in the ICAAP and ESG scenarios—as well as a stress analysis from an economic perspective. While most scenarios are assessed quarterly, the ESG scenario is reviewed and recalculated on an annual basis in line with its specific methodology.
- As part of the annual ICAAP, the parameters for capital planning—including the base case and stress scenarios—are set, approved, and calibrated. These parameters remain valid until the next ICAAP cycle unless a revision is deemed necessary during the financial year. To ensure the ongoing validity of the scenarios, the underlying parameters are monitored on a quarterly basis. Significant deviations in macroeconomic indicators beyond predefined thresholds may trigger a review and, if necessary, an update of the scenarios within the financial year. Additionally, material changes in the Bank's business strategy may also prompt a re-evaluation and re-planning of the ICAAP assumptions. As a key element of the annual ICAAP, risk appetite limits and tolerances are defined. This includes individual risk limits in the economic perspective, overall risk limits in the economic and normative perspectives, and specific limits such as position limits for syndication, in order to determine the framework for the use of capital within the scope of the two capital measurement approaches. These tolerances and the associated limits and control measures are used to monitor and manage the risk-bearing capacity and the underlying assumptions.

Stress testing

The SMBC EU Group performs quarterly stress tests as part of the risk-bearing capacity calculation. In this financial year, this stress testing included three adverse scenarios (two economic downturn scenarios and a climate change scenario) in the normative approach and economic approach.

The Bank's risk-bearing capacity was assessed to be adequate even in the stressed environment.

4. Summary and Outlook

The SMBC EU Group started the FY2024/25 in a business environment characterised by uncertainty surrounding the development of the Russia-Ukraine crisis and the war in the Middle East. However, against this backdrop, the SMBC EU Group has managed its risk profile well, remaining within the risk appetite and the available capital and liquidity resources. In addition, the SMBC EU Group continued to enhance its risk management framework, refining the income statement components in the adverse scenarios, strengthening the limit system in the economic perspective and improving the process documentation in response to findings from external audits.

Further development of the risk management system will continue in the next financial year, as will the close management of the risk profile in light of the ongoing challenging economic environment. The focus of risk management in the coming year will be on improving the framework conditions for SMBC EU Group and the group risk management in all areas of the universal bank. The market environment will be actively monitored and measures will be taken to ensure compliance with the SMBC EU Group's risk appetite.

VI. Internal Control System and Risk Management System in the Financial Reporting Process

The internal control and risk management system in respect of SMBC EU Frankfurt's financial reporting process comprises the principles, procedures and measures to ensure a compliant application of financial reporting requirements. The significant risks in respect of compliant financial reporting are misstatement of the assets, liabilities, financial position and financial performance or late publication. The internal control system in the financial reporting process is subject to the general principles of the Bank's risk management approach and is thus an integral component of the risk management system.

Primary responsibility for the internal control and risk management system in the financial reporting process, and thus for its effectiveness and monitoring, lies with the Executive Board. The Executive Board establishes the general principles and defines areas of responsibility. The finance department implements the requirements of the Executive Board and defines the specific parameters within the given framework. Operational risk has the responsibility for identifying and assessing risks on a regular basis. The risk assessment comprises an evaluation of operational and fraud risks as well as a review of the effectiveness of the respective controls. If necessary, appropriate measures are defined and implemented in order to limit the identified risks.

The financial reporting process is supported by a multi-step control system. This ensures compliance with legal requirements and the implementation of internal policies. The accounting processes are largely automated, and functionalities of the key IT applications have been defined on a centralised basis. IT permissions are defined in accordance with the respective policies and regularly monitored.

In addition, Internal Audit supports management and the Supervisory Board in their control functions through independent and objective risk-oriented audits. Regular audits are performed on the financial reporting processes to determine whether they are effective, orderly and efficient.

VII. Consolidated Non-Financial Report (not part of the audit of the external auditor)

1. General

Basis for preparation

Scope of consolidation of the non-financial statement

The consolidated non-financial statement of SMBC EU Group for the year-ended 31 March 2025 has been prepared according to the same principles as the financial statements, on a consolidated basis, including SMBC EU as parent and SNBL, its wholly-owned subsidiary.

Regulatory basis

The consolidated non-financial statement fulfils the requirements according to section 315c and section section 340i (5) in conjunction with sections 289b–289e of the German Commercial Code ('HGB'), as well as the reporting requirement Article 8 of the EU Taxonomy Regulation (EU/2020/852).

Since the Corporate Sustainability Reporting Directive has not yet been adopted into German law, the consolidated non-financial statement is prepared in accordance with the current legislation (HGB and DRS20). In line with this and the publication of the EU Omnibus proposal, SMBC EU Group adjusted its sustainability reporting approach. While SMBC EU Group's Double Materiality Assessment ('DMA') approach is influenced by European Sustainability Reporting Standards ('ESRS') as part of the initial Corporate Sustainability Reporting Directive ('CSRD') preparation, the Bank is not using the ESRS as the framework for the consolidated non-financial statement in accordance with section 289d HGB.

SMBC EU Group's consolidated non-financial statement covers concepts on the following HGB aspects and related material sustainability matters:

HGB aspect	DMA material sustainability matters	Chapter
Environmental matters	Climate change	2.2. Climate
	Biodiversity & ecosystems	2.3. Nature
Employee-related matters	Own workforce	3.1. Own employees
Social matters	n/a	3.2. Social aspects
Respect for human rights	n/a	3.3 Respect for human rights
Combatting corruption and bribery	n/a	4.3 Anti-corruption and bribery

For the disclosure on the five aspects prescribed by the HGB, the respective concepts are described. Described material risks and impacts in SMBC EU's own operations refer to the principal risks that are related to SMBC EU's own business activities and that are highly likely to cause, now or in the future, material adverse impacts on the aspects as prescribed by section 289c para. 3 no. 3 HGB. The material risks and impacts described in relation to SMBC EU's upstream and downstream value chain refer to the principal risks related to SMBC EU's business relationships, products and services which are very likely to cause, now or in future, material adverse impacts on the aspects as prescribed by section 289c para. 3 no. 4 HGB. In the disclosure text of the topical chapters Environment, Social and Governance, the terms "Strategy" and "IRO Management" refer to the specific strategies, targets, actions, policies, procedures and due diligence processes that SMBC EU Group employs to achieve the non-financial aspects outlined in section 289c para. 2 HGB. The term "IRO Management" also refers to a description how SMBC manages principal risks as required by section 289c para. 3 no. 3 and 4 HGB.

The report covers concepts related to sustainability matters for the group on a consolidated basis. Concepts on sustainability matters that were not material for the subsidiary SNBL on a stand-alone basis are not explicitly mentioned in the report.

Double Materiality Assessment

SMBC EU has conducted a DMA to identify material sustainability matters based on ESRS methodology and definitions. Therefore, the Group applies a definition of materiality for this report that includes, but goes beyond, HGB requirements, resulting in a wider scope of material sustainability matters. The consolidated non-financial statement addresses the material aspects of both upstream and downstream value chain activities and own operations as assessed during the DMA. For the upstream value chain, it covers assessments of suppliers, depositors and investors (parent company), with a focus on integrating sustainability criteria. For the downstream value chain, it includes clients of SMBC EU. The value chain of SNBL consists of their

upstream suppliers, their own operations, and their downstream business covering the custodian services and their bond portfolios.

Strategy & business model

SMBC Bank EU AG ('SMBC EU', or the 'SMBC EU Group') is a credit institution established in Frankfurt am Main, Germany, to support SMBC's business activities in the European Economic Area ('EEA'). The SMBC EU Group is authorised by the European Central Bank ('ECB') and has been supervised by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, or 'BaFin') since November 2018, and is the parent company of the SMBC EU Group.

The SMBC EU Group is a wholly-owned subsidiary of Sumitomo Mitsui Banking Corporation ('SMBC Tokyo'), a Japanese bank, and forms part of the SMBC Group of companies. SMBC Tokyo is a wholly-owned subsidiary of the Japanese Sumitomo Mitsui Financial Group ('SMFG'), which is ranked among the largest 29 banks globally by assets ('G-SIFIs' – Global Systemically Important Financial Institutions).

S&P and Fitch Ratings have both affirmed an international A/A- rating for SMBC Bank EU AG, Frankfurt. These ratings reflect the strong support the Bank receives from the parent company in all areas such as risk management and funding arrangements, as well as information technology and operational infrastructure.

The SMBC EU Group offers a wide range of financial products, including: syndicated and bilateral financing, specialised advice for project, trade and asset financing, as well as deposit and currency transactions. As a provider of integrated financial and investment banking solutions, the SMBC EU Group also offers its clients capital market products and derivative financial products and, through its subsidiary SNBL, the Group is also active in fund management.

The SMBC EU Group's main objective is to serve its corporate clients in the EU/EEA, while pursuing and adhering to the vision, mission and identity of the SMBC Group, which focuses on creating sustainable value for clients and shareholders. With its business model, the SMBC EU Group aims to ensure long-term sustainable growth and a balanced risk/return ratio.

As a subsidiary of SMFG, SMBC EU has embarked on a multi-year journey to actively manage the risks and opportunities presented by sustainability topics and to create positive social value. Starting in 2020, SMFG introduced its sustainability strategy, followed by the setting of a net zero target for the bank's financing activities by 2050 in 2021, and most recently introducing the 'Plan for Fulfilled Growth' starting from 2023. Following SMFG's sustainability footsteps, SMBC EU began its own journey in 2023 by appointing a Head of EU Sustainability Strategy and by launching an indicative Double Materiality Assessment. This was followed by its inaugural Sustainability Strategy and first formal DMA, with the aim of publishing its inaugural Sustainability report in 2025. The SMBC EU Sustainability Strategy consists of four Strategic Ambitions statements, which supports SFMG's 'Plan for Fulfilled' 2023–2025 Medium Term Management Plan & Material Sustainability Topics:

- 'Our clients': support the Bank's clients in their journey to sustainability
- 'Our solutions': recognised as a leading provider of green and sustainable finance solutions
- 'Our business': embed sustainability management in our culture, risk appetite and all aspects of our business
- 'Our impact': pursue long-term economic growth through social value creation for stakeholders.

Thus far, the Bank identified two key indicators to support its sustainability strategy aligned with the 'Our clients' and 'Our solutions' pillars: the number of mandates as sustainability coordinator and the volume of sustainable finance that it has facilitated. In FY2024/25, for the first time, the Bank set targets to be appointed as sustainability coordinator for five mandates and to finance sustainable transactions totalling USD 4,893 million. These targets are derived from the Europe, Middle East and Africa ('EMEA') region's overarching goals, aiming to contribute 20% of the sustainability mandates undertaken by the EMEA region and 40% of the sustainable finance volume mobilised by the EMEA region. In FY2024/25, the Bank surpassed its targets through being appointed as sustainability coordinator for ten mandates and financing sustainable transactions totalling USD 6,144 million.

Through these actions, SMBC EU's goal is to be a solution provider that meets the needs of clients and supports them in achieving their sustainability objectives. In line with this aspiration, the Bank is working to enhance awareness and provide guidance across all areas of the business landscape, offering financial solutions to support the necessary investments for this transition. To further support its clients in their sustainability efforts, SMBC EU offers a range of specialised products designed to meet the diverse needs of our clients and promote environmental and social responsibility. For example, through social or green loans, the use of proceeds contributes directly to sustainable development projects, such as renewable energy initiatives, affordable housing and emergency medical services. Another example of a sustainable finance solution is sustainability-linked loans, where clients are provided with incentives to take environmental or social-related actions through the legal terms of their financing. Products under consideration to be labelled 'Green', 'Social' or 'Sustainability-linked' must align with the Bank's internal sustainable finance policies, procedures and checklists based mainly on the Loan Market Association ('LMA') guidance and in line with market practice. In 2024, USD 6,144 million was mobilised in sustainable finance (Table 1), with almost USD 2,357 million financing utilities, being the sector benefitting the most from sustainable finance (42%), followed by real estate (24%) and the financial sectors (21%). Offering sustainable finance products and services to customers is one way the bank can both act on opportunities and mitigate sustainability risks, in order to reduce negative impacts and enhance positive outcomes. The engagement and promotion in sustainable finance contributes to addressing the Bank's sustainability focal points identified as material in the DMA, specifically climate change, and biodiversity and ecosystems, as well as sustainability matters material to its clients.

Table 1: Sustainable finance volumes for SMBC and SMBC EU, broken down by product type

	FY2024/25 Sustainable finance – greater of lending / underwriting amount and arrangement amount (USDm)[7]	
Product	**EMEA**	**Of which SMBC EU**
Sustainability-linked Loan	6,482	3,089
Green Loan	1,766	356
Social Loan	315	200
Sustainability Loan	527	0
Renewable Project Finance	2,136	183
Sustainability-linked Bond	399	264
Green Bond	3,467	2,051
Sustainability Bonds	744	0
Total	**15,835**	**6,144**

7 The basis for measurement of sustainable finance is that SMBC EU counts the greater of lending, arrangement or underwriting amount as the amount of sustainable finance. It is aligned to the SMBC Group target to facilitate JPY 50 trillion of sustainable finance by 2030, i.e. by arranging a transaction, SMBC is facilitating that financing, even if other banks are lending the money.

The Bank understands that equity, fairness and transparency are key to enabling colleagues to be their most authentic selves at work. The Bank is an inclusive and equal opportunities employer, and its policy is that all individuals are appointed, trained, developed and promoted on the basis of merit and ability. Selection criteria and procedures are designed to eliminate bias, and opportunities for challenge are embedded within these to ensure processes are fair and equitable.

The Bank recognises the importance of attracting, developing and retaining diverse talents. During FY2024/25, SMBC EMEA launched a new DEI (Diversity, Equity & Inclusion) strategy focusing on the three priority areas:

- Where We Belong – Our behaviours create a culture where everyone feels part of Team SMBC;
- Every Moment Matters – Our decisions and actions ensure we are an equitable organisation where everyone can fulfil their potential;
- Make a Difference – Through collaboration with our clients and communities, our contribution to society supports wider change.

Under this strategy, to support gender diversity and the advancement of women, the Bank set targets in Germany to reach 45% proportion of female employees and 23.5% of women in a senior leadership position by 2027, with interim targets of 40% proportion of female employees and 18% of women in senior leadership position in FY2024/25. As at 31 March 2025, SMBC EU in Germany has surpassed these targets, with 41.5% proportion of female employees and 23.1% of women in senior leadership position.

Ensuring that leaders set the tone from the top that every moment matters, diversity and inclusion remains a key metric in senior management performance evaluation, and linked to variable remuneration, and all leaders across SMBC EU participated in training this year to support the leaders in progressing towards the Bank's goals.

The DRIVE (diversity, respect, inclusion, value and equality) employee resource groups operate across the EMEA region and play a key role in creating an inclusive culture at SMBC EU Group. With events and activities that take place both in person and virtually, employees are able to participate wherever they are located. There are local DRIVE groups in some of SMBC EU Group's larger locations who support engagement and delivery with DRIVE locally, and the DRIVE group for Germany was relaunched this year with great success in enhancing engagement. Besides, the Germany Country Council for DEI and Culture was established to oversee and DRIVE initiatives related to diversity, equity and inclusion (DEI) and culture within Germany. The Council aims to ensure alignment with the broader EMEA DEI and Culture Strategy, local regulatory requirements and the local business strategy, fostering an inclusive and respectful workplace.

Through these efforts, SMBC EU demonstrates its commitment to social responsibility.

Sustainability governance

Executive Board and Supervisory Board composition

The Executive Board of SMBC EU consists of five executive members. The Supervisory Board consists also of five executive members, including one independent member. Both Executive Board and Supervisory Board currently have a gender diversity ratio of 20%, with one female member each.

The criteria for the election of Supervisory Board and / or Executive Board members are reflected in a dedicated policy outlining the individual and collective requirements in line with German law, BaFin guidelines as well as European Banking Authority ('EBA') and European Securities and Markets Authority ('ESMA') guidelines. In the annual evaluation of the boards' composition and the self-assessment undertaken by the members of the Supervisory Board and Executive Board, both individual and collective skills are assessed. The diverse composition of the boards, paired with the advanced expertise of the members in the relevant areas – i.e. banking, global and capital markets, as well as functional expertise – was deemed as adequate.

Roles and responsibilities

Executive Board and Board Committees

The Chief Risk Officer ('CRO') is the member of the Executive Board responsible for oversight of sustainability-related impacts, risks and opportunities. The Executive Board has established several committees to control and monitor various areas of the Bank. All committees have delegated approval powers from the Executive Board and include, alongside Executive Board members, selected department heads as voting members. The CRO reports to the Supervisory Board and as of March 2024, due to the classification of SMBC EU as potentially systemically relevant institution ('PSI') the Risk Committee, among other committees, was established at the Supervisory Board level.

Risk Committee governance

The Bank follows the Risk Committee governance to ensure sustainability risk matters are overseen with the Enterprise Risk Management Committee ('ERMC') and its sub-committee, the Sustainability Risk Management Committee ('SMRC'), acting as the main governance bodies authorised by the Executive Board. If required, matters arising from the Committee are reported to the Executive Board operating under the supervision of the Supervisory Board, reinforcing accountability and governance at all organisational levels.

The ERMC advises and supports the Executive Board, as necessary, in its supervising function on the Banks' overall, enterprise-wide risk-related matters, including sustainability risk. To the extent sustainability risk impacts traditional risk categories, this mandate covers advice, oversight and challenge to the reports and content presented in this Committee and escalates if necessary to the Executive Board, on risk framework elements of risk register, risk appetite, risk strategy, stress testing framework, Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP'), recovery and resolution planning ('RRP'), as well as overall risk governance.

The SRMC, established as a sub-committee of SMBC EU's ERMC, acts as the body responsible for oversight and governance for all sustainability-related risk matters (excluding individual transaction approval) at the Bank. The SRMC serves as a main forum to discuss and debate sustainability-related risk management framework elements, including sustainability risk-related alignment between risk strategy and business strategy; the coordination of sustainability-related aspects in ICAAP and sustainability-related stress testing. This is also a forum where sustainability-related regulatory developments are being presented and discussed. Voting members of the SRMC have rights to approve and also recommend approval of key items to the ERMC.

The Model Risk Management Committee ('MRMC'), established as a sub-committee of the ERMC, acts as the body responsible for oversight and governance for all models, including sustainability-related models.

EMEA forums, product / transaction level

The Bank participates in any discussion held under the governance framework in the EMEA division and liaises with appropriate departments where necessary. To this extent, any decision made by an EMEA forum is further subjected to the Bank's formal governance approval escalation processes.

The Sustainable Finance Transaction Review Forum (EMEA division) is tasked with deal review governance for specific 'Sustainable Finance' labelled transactions, as well as reviewing the sales pipeline. The mandate includes the management of the Sustainable Finance Programme, including but not limited to, new product planning, client events, managing procedures and monitoring regional Sustainable Finance performance. Where necessary and where no consent is formed, transactions are escalated to the EMEA Reputational Risk Committee.

The Reputational Risk Forum (EMEA division) ('EMEA RRF') is established to consider reputational matters relating to 'customer activities' (i.e., customers, transactions, products). The scope of the EMEA RRF is limited to customer activities. The RRF's main function is consultative, to assist front office groups to identify, assess and mitigate reputational risks. The RRF is also responsible for escalating matters to the EMEA Reputational Risk Committee.

The Reputational Risk Committee (EMEA division) is responsible for overseeing the embedding of EMEA division's approach to reputational risk, including the extent which this relates to sustainability matters. The Committee considers situations where reputational risks may arise in respect of customer activities.

Frequency of reporting

As part of regular reporting, the CRO provides the Executive Board monthly and the Supervisory Board quarterly with an assessment of the latest Sustainability Strategy and risk appetite profile, as well as updates on all related strategy and risk matters. As part of the Risk Committee governance, sustainability risk matters are reported to the ERMC and SRMC on a bi-monthly basis. At the EMEA level, product and transaction matters related to sustainability are addressed on a fortnightly basis as part of the EMEA Sustainable Finance Transaction Review Forum and, on a quarterly, as well as ad-hoc, basis, as part of the EMEA RRF.

Sustainability-related skills and expertise

According to section 25c para. 1a of the German Banking Act, the Executive Board in its entirety must possess an adequate scope of knowledge, abilities and experience. All members of the Executive Board are acquainted with sustainability aspects relevant to their respective roles, whereas the CRO, mandated by the Executive Board with a dedicated sustainability role, possesses extensive knowledge regarding sustainability matters. Therefore, the aforementioned legal requirement is met on an individual and a collective level.

In addition, the requirement applicable to the Supervisory Board of SMBC EU in accordance with section 25d para. 2 of the German Banking Act, is also met given that several Supervisory Board members possess deeper knowledge of sustainability-related topics and receive regular sustainability training ensuring both individual and collective suitability in this field.

The Bank provides regular training to the Executive Board to ensure that the members maintain and continuously enhance their knowledge and skillset. With respect to sustainability, the Executive Board was provided with a dedicated sustainability training session by an external law firm in 2024 as well as several internal sustainability-related training sessions and presentations in 2024 and 2025. Moreover, SMBC EU and its boards engage with various external experts providing sustainability advice in European and international contexts.

Additionally, the organisation mandates an annual eLearning module on sustainability strategy for all employees, including members of the Executive and Supervisory Boards. Regular checks are conducted to ensure that all participants complete the training. This mandatory training underscores SMBC EU's commitment to embedding sustainability knowledge across all levels of the Bank.

To deepen the alignment of SNBL's Sustainability Strategy with SMBC EU's goals, senior management of SNBL received training on the sustainability framework and EU regulation. This training ensures that SNBL's leadership is aligned with the Bank's sustainability goals and regulatory requirements.

By implementing these training programmes and regular updates, the boards ensure they have the necessary skills and expertise to oversee sustainability matters effectively. This approach not only strengthens their competencies but also aligns with the Bank's commitment to sustainability, ensuring that they are well equipped to navigate the evolving landscape of sustainability challenges and opportunities.

Executive compensation system

In SMBC EU there is a dual Board structure, with the Executive Board exercising the management function and the Supervisory Board being responsible for the supervision of the management function.

The Executive Board of SMBC EU is responsible for the appropriate design of the remuneration systems for employees. The remuneration systems are reviewed annually for their appropriateness and compatibility with the business and risk strategy of the bank and are adjusted if necessary, with the approval of the Executive Board. Accordingly, SMBC EU is committed to ensuring that the remuneration systems for the Bank's employees are appropriate and transparent and are geared towards the sustainable development of the institution.

In line with the business and risk strategy, delivery against SMBC EU's Sustainability Strategy is a component of SMBC EU's overall bonus pool allocation, and the individual bonus awards for employees, including members of the Executive Board.

The Supervisory Board of SMBC EU is responsible for the appropriate design of remuneration for the Executive Board. The remuneration structure of the Executive Board is aligned to the remuneration structure of employees, albeit their performance targets are also overseen by the Supervisory Board. Employee and Executive Board remuneration is divided into fixed and variable components, which may vary by location and function.

Fixed remuneration

The fixed remuneration compensates employees according to their qualifications, experience and competencies, as well as the requirements, importance and scope of their function. Fixed remuneration includes not just the salary but may also include any allowances or other fixed benefits.

Variable remuneration

Variable remuneration is determined annually on an individual basis, and takes into account the success of the Bank, the department and personal performance. Employees thus have the opportunity to participate in the Bank's success in years of good performance. Conversely, poor performance and / or losses or negative contributions to success are reflected in lower, or no, variable remuneration.

The Bank's success in this context is evaluated under two categories of metrics:

- Financial success
- Non-financial performance, including the area of sustainability, cultural initiatives, risk management and compliance, and sustainable and balanced growth.

All employees categorised as Material Risk Takers have their performance managed against defined targets, including a sustainability goal. 'Material Risk Taker' is a term deriving from remuneration regulation. It refers to 'employees whose professional activities significantly impact the institution's risk profile's. Members of the Executive Board and other senior management roles (both business leaders and heads of control & support functions) are identified as MRTs.

For Material Risk Takers, their target-setting includes a sustainability goal and a focus on DEI targets. For other employees, each employee may set their own goals that align with the Bank's corporate strategy, including its focus on Social Value Creation, which includes a focus on sustainability. The remuneration policies in place are subject to regular review, including consultation with the Remuneration Officer and often with the input of external professional advisors. These policies are then subject to local governance for approval.

Governance process for management of material IROs

The Executive and Supervisory Boards are committed to integrating sustainability aspects into all the Bank's activities. This encompasses the management of material impacts, risks and opportunities ('IROs') arising from these aspects. The DMA process resulting in the Bank's material IRO profile is conducted on an annual basis, and is presented to the SRMC, reported to the ERMC and officially approved by the Executive Board.

Material IROs are communicated to and approved by the Executive Board prior to being presented to the Supervisory Board on an annual basis. Furthermore, the Executive Board receives monthly updates on metrics and targets related to the identified sustainability IROs, as well as the Sustainability Strategy, while the Supervisory Board is provided with quarterly updates.

These IROs are considered in the various decisions approved by the Executive Board, forming an integral component of the SMBC EU's general management and control framework. The Bank's strategy and objectives in terms of sustainability are defined by considering the IROs that are of relative importance to the Bank. Consequently, the Sustainability Strategy is updated on an annual basis to reflect the latest insights, seamlessly integrating these elements into the SMBC EU's strategic framework and underscoring its unwavering commitment to sustainability and long-term sustainable growth.

Sustainability risk appetite

The CRO is accountable for the establishment of the Bank's Sustainability Risk Management Framework ('SRF'), including setting of the Bank's sustainability risk appetite. The Bank's SRF consists of the adaptation of SMBC EMEA SRF together with a Bank-specific Addendum. DMA is one key element of the Bank's SRF to assess IROs. The EMEA SRF together with the SMBC EU Addendum describing specific arrangements, processes and governance elements of SMBC EU, is approved by the Executive Board. The Bank's SRF is governed through the Bank's dedicated SRMC. The inclusion of sustainability considerations within each of the strategic pillars of the risk strategy is operationalised through the Risk Appetite Framework ('RAF') and the embedding of the sustainability risk appetite. The review and challenge of the sustainability risk appetite is subject to relevant Risk Committees in advance of the Executive and Supervisory Boards' approval or acknowledgement. The Risk Department is responsible for developing, maintaining and tracking risk appetite metrics and thresholds, as well as developing proposals for changes to the sustainability risk appetite. The sustainability risk appetite metrics constitute an integral part of the RAF and hence follow the same framework for approval process.

Sustainability impacts and opportunities

The Bank has established dedicated controls and procedures to manage impacts and opportunities. These elements are managed at the departmental level, with each team applying the usual controls pertinent to their specific functions. Opportunities, particularly deals involving labelled transactions, are subject to distinct procedures. Such opportunities require the approval of the Sustainable Finance Transaction Review Forum, ensuring that they meet the Bank's sustainability criteria and align with its overall strategic goals. Similar controls and procedures are in place for managing impacts. For instance, transactions with a potential negative impact that are subject to specific procedures due to their classification must also receive approval from the Sustainable Finance Transaction Review Forum. This ensures that all transactions are reviewed and assessed for their potential impacts.

Stakeholder engagement

SMBC EU Group's primary stakeholders encompass both internal and external parties, including employees, clients, suppliers, parent company ('SMFG') and regulatory authorities, who contribute to and benefit from the organisation's growth and development. Engaging in dialogues with these stakeholders shapes strategic management decisions and day-to-day operations across financial services delivery, sustainable finance efforts, ethical procurement practices, strategic business partnerships as well as employee wellbeing, inclusion and development initiatives, including regulatory sustainability committees, science-based target initiatives and global industry sustainability events.

SMBC EU Group believes that a sustainable society cannot be achieved without cooperative relationships with the various stakeholders. To this end, SMBC EU Group is involved with external parties through participation and involvement in various domestic and international initiatives. Each stakeholder group has distinct needs and perspectives, which can result in both positive and negative impacts on its value chain. SMBC EU Group's objective is to remain informed and proactively address opportunities and risks identified through its interactions with key stakeholders. Therefore, its stakeholder engagement approach varies by stakeholder group, utilising a combination of informal and formal channels and methods to maintain effective communication.

For its credit and capital markets clients, the Bank regularly evaluates their needs through conversations with relationship managers. The Bank's 'Customer First' value drives us to provide personalised value and continuously improve its products and services based on feedback. SMBC EU Group has established points of contact to receive and act on customer feedback, ensuring SMBC EU Group meets their evolving needs.

The business model of a bank highly depends on sufficient human resources to fulfil strategic objectives, making employees a key stakeholder for the Bank. SMBC EU Group recognises its people as its key asset and is committed to developing their skills and diversity. It promotes high ethical standards and a culture of authenticity, supported by initiatives like hybrid working practices and professional development plans, which include training programmes and secondments. Additionally, the DRIVE employee groups play a key role in fostering understanding and allyship through various events and activities. SMBC EU Group conducts a bi-annual employee engagement survey for guiding the Bank to understand and prioritise key engagement topics.

The interests and views of SMBC EU Group's key stakeholders vary based on the nature of their relationship with us. Stakeholder engagement is a crucial part of the Bank's ongoing sustainability due diligence efforts, both for suppliers in the upstream value chain and for clients in the downstream value chain. The annual review by SMBC EU Group and its stakeholders' sustainability statements highlight the most important topics for its stakeholders, considering the identified interdependencies and IROs related to its value chain.

To maintain alignment with stakeholder interests, updates on departmental activities and ongoing business operations are presented at the Executive Board meetings. The DMA results, including the stakeholder representative workshop process, are approved by internal management committees such as the EU Sustainability Risk Management Committee and the Executive Board.

Double Materiality Assessment

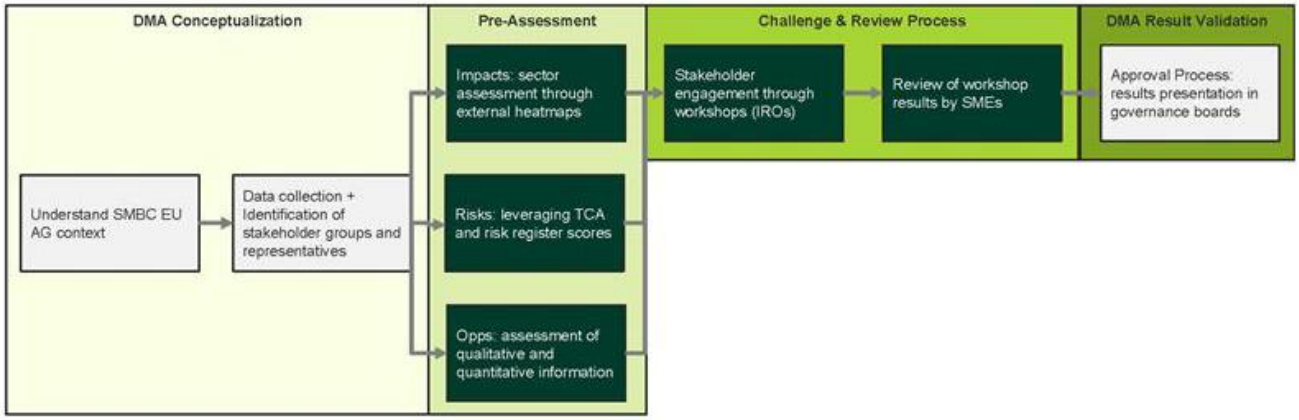
DMA methodology and process

SMBC EU Group follows the concept outlined in the ESRS to identify the material sustainability matters and related IROs through a DMA. The concept of double materiality considers two dimensions: the Impact and the Financial Materiality. The Impact Materiality dimension assesses how business activities of SMBC EU Group impact[8] the environment and people from inside-out, negatively or positively. The Financial Materiality dimension assesses how sustainability matters affect the financial position of SMBC EU Group from outside-in, as a risk or opportunity. Therefore, in an ESRS context, a sustainability matter can be material for SMBC EU Group, if its business activities have a positive or negative impact on people and environment or if it leads to risks or opportunities for SMBC EU Group's business performance. For the reporting obligation, it is sufficient if a sustainability matter is material from at least one of the perspectives. The assessment defined aspects that SMBC EU Group can control, such as own products and services, as well as aspects arising due to SMBC EU Group's direct and indirect business relationships in the upstream and downstream value chain.

8 Legal disclaimer: 'impact' in the Lending & Capital Markets Business is derived from the definitions of 'Impact on Society and the Environment' within the CSRD and the 'impact' on society and the environment (based on [public sources/industry databases] for certain industry sectors) of clients to whom the Bank provides financial services which may be deemed to be 'connected' to SMBC EU / SMFG as a result of sustainability reporting requirements. This does not imply, and should not be inferred to imply, any legal liability of SMBC EU / SMFG for the activities or impacts of those clients.

To identify and assess material sustainability matters in relation to IROs, the following process was implemented:

Figure 1: Double Materiality Assessment process overview



1. Understanding the context and preparation

a) Process determination and defining scope of entities included in materiality assessment: As a first step in the DMA process, SMBC EU Group analysed its own business context and entities in scope. Due to the structure of SMBC EU Group, it was concluded that the scope of consolidation for the assessment is the same as for financial reporting, including SMBC EU and its subsidiary SNBL.

b) Defining value chain segments and identifying business relationships: A next step, the direct and indirect business relationships in relevant segments of the upstream and downstream value chain, as well as the own operations of SMBC EU Group, were identified and analysed.

c) Preparation of stakeholder representative engagement: SMBC EU Group conducts the stakeholder engagement for the DMA through internal stakeholder representatives / subject-matter experts and a mix of in-house data and objective third party data.

d) Defining the list of sustainability matters for the assessment: For identifying the relevant sustainability matters in scope of the assessment, the list of EFRAG AR 16 was used as a starting point. The non-exhaustive list of matters was further assessed to be supplemented by additional risk management department topics and SMFG impact report topics. The relevance of this list of topics was, in the next step, evaluated for SMBC EU Group's value chain segments. That led to an exclusion of risk management – or SMFG – topics that were already included in ESRS topics or financial reporting or not relevant for SMBC EU Group's business model (e.g., retail business). Furthermore, ESRS sustainability matters not relevant for certain value chain segments were excluded (e.g., child labour for own operations).

e) Collecting, preparing and analysing internal information (e.g., client data) and external data sources for DMA (e.g., proxy heatmap data) for each value chain segment considered: Based on the defined sub-segments of the value chain to be assessed, relevant internal data and information was collected and prepared. For instance, for the credit business segment, the relevant client exposure data was aggregated on a sector level to serve as an input for the portfolio analysis. Thereby, significant high-exposure industry sectors in SMBC EU Group's value chain were identified.

A second part of the preparations for the portfolio analysis was consolidating external data sources from heatmaps such as from the science-based database 'Exploring Natural Capital Opportunities, Risk and Exposure' ('ENCORE') to serve as an input to the assessment.

2. Pre-assessment and scoring of actual and potential negative and positive IROs for each value chain segment

– A sustainability matter is material from an impact perspective when it pertains to the SMBC EU Group's material actual or potential, positive or negative impacts on people or the environment over the short, medium or long term. Therefore, the assessment of impact materiality was implemented through performing a scoring exercise for actual and potential negative and positive impacts on a sector level for each sub-segment of the upstream and downstream value chain, as well as

own operations. Internal data sources informed the evaluation of own operations, while external data supported the assessment of upstream and downstream portfolios. These insights were aggregated to determine overall impact materiality by sustainability matter.

- Identifying the risks relevant to SMBC EU Group forms the basis of a functioning risk management system. Sustainability-related risks or opportunities can have negative or positive financial effects that materially affect (or could reasonably be expected to affect) SMBC EU Group's cash flows, access to finance, or cost of capital over the short, medium or long term. For the assessment of risks and opportunities, the Bank considers whether a financial effect stems from a trigger event with regards to dependencies on the continuation of use of resources or reliance on relationships. Secondly, it needs to be determined if a risk or opportunity affects SMBC EU Group's development, financial position, financial performance, cash flow, access to finance or cost of capital.
- The assessment of risks leverages existing risk management processes at SMBC EU Group to ensure consistency. Sustainability-related risks are assessed across clearly defined transmission channels, which link environmental, social and governance ('ESG') factors to EBA-defined risk drivers (EBA/REP/2021/18). This involves identifying causal links between ESG factors to (traditional) risk categories in the risk register. The materiality of each transmission channel is mapped to risk inventory categories focusing on inherent risk before consideration of mitigation controls.
- During the pre-assessment, sub-scores were derived to reflect the severity of each impact, using a structured framework that incorporates key dimensions such as scale, scope, remediability and likelihood. The evaluation of risks and opportunities considered both their magnitude and likelihood. Predefined thresholds were applied to determine whether an impact, risk or opportunity is considered material.

3. Stakeholder engagement and validation of assessment

a) Discussion and validation of pre-assessment in workshops with stakeholder representatives for each value chain segment: As a next step, workshop sessions with stakeholders representing SMBC EU Group's value chain (upstream and downstream) and own operations were held to discuss and validate the preliminary assessment. To ensure the consideration of stakeholder views, amendments to the preliminary assessment are made where required based on the workshop sessions.

b) Final review and challenge of results by SMEs in SMBC EU Group CSRD Project team and consolidation of results: In a further step, the pre-assessment topic scores that were challenged by stakeholder representatives in the workshops were further reviewed and, if necessary, adjusted by SMBC EU Group sustainability subject-matter experts ('SMEs'). The SMEs are part of departments such as Sustainability Planning and Risk Management that are involved in the EU sustainability regulation project at the Bank. This step was taken to eliminate potential business unit bias. The final results were then consolidated and documented.

c) Control and validation of results by Senior Management in executive committees: As a final step, the consolidated results were acknowledged, validated and signed-off by the management of SMBC EU Group. For this purpose, the results were presented in several SMBC EU governance bodies, such as the EU Sustainability Risk Committee, EU Enterprise Risk Management Committee and Executive Board.

4. Integration into overall management processes

- SMBC EU Group considers its material IROs in its Sustainability Strategy process. The Bank also manages its sustainability impacts arising in the downstream value chain by supporting customers on their journey towards sustainability and decarbonisation. This contributes to SMBC EU Group's aim of driving positive change while creating economic value. Further details on the integration of material IROs into SMBC EU Group's management processes are included in the topical report sections on Environment, Social and Governance aspects. The sustainability risk is managed under the 'three lines of defence' model. In relation to sustainability risk, the first line of defence is responsible for managing its business activities in a manner consistent with this framework, and business risk appetite, operating its sustainability risk processes and controls and data and assessment quality. The second line of defence defines SMBC EMEA's Sustainability Risk Policy and sustainability risk appetite, and is responsible for providing oversight of risk-taking activities at the portfolio and transaction level and independently challenge first line of defence proposals. The third line of defence is the Audit department – Internal Audit. As part of ongoing reviews, the department will ensure sustainability risk issues are

appropriately monitored, documented and escalated. In parallel, the Executive Board has established several committees to control and monitor various areas of SMBC EU. All committees have delegated approval powers from the Executive Board and include, alongside Executive Board members, selected department heads as voting members.

- Opportunities are managed by each marketing department and relationship manager in relation to their respective client portfolio. Sustainable finance opportunities deducted from completed deals are consolidated across departments, monitored in the Sustainability Planning department and communicated in forums and committees.

DMA outcome: material impacts, risks and opportunities

The DMA at SMBC EU Group led to the material topics as displayed in Table 2 and Table 3.

For the impact materiality, the topic of climate change has been identified as having material positive and negative impacts through the Bank's downstream activities. The impacts are related to relationships with clients in high greenhouse gas ('GHG') emitting sectors and financing the transition to a low carbon economy. Biodiversity and ecosystems have been identified having material negative impacts, also stemming from the downstream value chain, arising through the connection with climate change as key driver for biodiversity loss. Within the Bank's own operations, own workforce has been identified as having material positive and negative impacts, particularly around the topic of work–life balance. However, for SNBL, only positive impacts have been identified, particularly in areas such as work–life balance and health benefits, which are above regulatory requirements. A specific DMA was conducted for SNBL due to the distinct nature of its business and value chain. Due to the nature of SMBC EU Group's business model as a financial institution, the assessment of the upstream value chain in relation to suppliers did not lead to material impacts.

From the Financial Materiality perspective, material risks and opportunities have been identified for the Bank's downstream activities in relation to climate change. Physical and transition risks are affecting SMBC EU Group clients, exposing the Bank to climate change risks. Nonetheless, there has been an increased call for increase for transition / green finance from the Bank's clients, demonstrating that climate change can also trigger financial opportunities. Material risks and opportunities have also been identified for the Bank's own operations related to the Bank's own workforce. The inherent risks arise from compliance with employment law / satisfaction with working conditions, equal treatment, diversity and data privacy. Conversely, positive reputational effects attracting or retaining highly qualified employees are opportunities that have been identified for the Bank. There are inherent material risks identified in the Bank's own operations around business conduct for corporate culture due to a risk of low employee awareness on risk taking with lack of relevant controls. All risks are assessed at an inherent level in the materiality assessment and are managed through controls and systems, resulting in lower residual risks for SMBC EU.

The outcome of the DMA has been considered from FY2024/25 onwards in the SMBC EU Sustainability Strategy, whereby objectives and targets are defined. The Sustainability Strategy feeds into the overall Corporate Strategy. This takes into account that the material IROs originate and are connected to SMBC EU Group's banking business model, which is highly dependent on efficient corporate governance processes and sufficient human resources in its own operations, as well as on lending and investing in different corporate sectors across the whole economy.

Addressing IROs in further developing the Bank's business model and strategy enhances the resilience of SMBC EU Group. These targets and corresponding IRO management are outlined in each topical section:

Material impacts

Table 2: Material impacts

ESRS	Positive/ negative	Value chain segment	Description	Time horizons	Reference
Climate change (E1)	Negative	Downstream: Credit & Loan Deposits Capital Markets	Material volume of GHG emissions attributable to clients	Short to long term	Chapter 2.2 Climate
	Positive	Downstream: Credit & Loan Deposits Capital Markets	Financing the climate- and energy-related transition of clients	Short to long term	
Biodiversity and ecosystems (E4)	Negative	Downstream: Credit & Loan Deposits Capital Markets	Considerable volume of GHG emissions attributable to clients contributing to climate change-related biodiversity loss	Short to long term	Chapter 2.3 Nature
Own workforce (S1)	Negative	Own operations	High workload affecting work–life balance	Short to long term	Chapter 3 Social
	Positive	Own operations	Employee benefits and flexible working conditions	Short to long term	

No material impacts identified for: Pollution (E2), Water and marine resources (E3), Workers in the value chain (S2), Affected communities (S3), Consumers and end-users (S4), Governance (G1).

Material risks and opportunities

Table 3: Material risks an opportunities

ESRS	Opportunity/ risk	Value chain segment	Description	Time horizons	Reference
Climate change (E1)	Opportunity	Downstream: Credit & Loan Deposits Capital Markets	Increased need for transition / green finance from clients, leading to business opportunities for SMBC EU	Long term	Chapter 2.2 Climate
	Risk	Downstream: Credit & Loan Deposits Capital Markets	Physical and transition risks affecting SMBC EU's clients, exposing the Bank to climate change risks	Medium to long term	
Own workforce (S1)	Opportunity	Own operations	Positive reputational effects, attracting or retaining highly qualified employees	Short to medium term	Chapter 3 Social
Business conduct (G1)	Risk	Own operations	Compliance with employment law / satisfaction with working conditions, equal treatment, diversity and related to data privacy	Short to medium term	Chapter 4 Governance
	Risk	Own operations	The potential risk of low employee awareness on risk taking with lack of relevant controls, leading to material risk for SMBC EU Group in relation to corporate culture	Short to medium term	

No material risks / opportunities identified for: Pollution (E2), Water and marine resources (E3), Biodiversity and ecosystems (E4), Workers in the value chain (S2), Affected communities (S3), Consumers and end-users (S4).

2. Environment

EU Taxonomy

FY2024/25 marks the first year SMBC EU Group publishes a report in accordance with Article 8 of the EU Taxonomy Regulation (EU/2020/852). Therefore, no information for the previous year is included in the report. The reporting of SMBC EU Group's Taxonomy key performance indicators ('KPIs') is based on the prudential scope of consolidation. The corresponding gross carrying amounts, as defined in the financial reporting ('FINREP') reporting templates, are used for the calculation of the Green Asset Ratio ('GAR').

The central KPI to measure sustainability for credit institutions is the GAR. This metric is calculated by dividing the taxonomy-aligned exposure by the gross carrying amount of all covered assets. Financing provided to clients subject to the NFRD can be included in the numerator of the GAR. For loans or securities that are financing a specific project or where the use of proceeds is known, the financed activity is assessed according to the criteria in the EU Taxonomy delegated acts for its eligibility and alignment. For general purpose loans (unknown use of proceeds), the exposure is weighted with the clients' taxonomy-alignment KPIs. The KPIs are sourced from the clients' published reports.

A high portion of SMBC EU Group's assets are central bank exposures and trading assets, which are not covered in the GAR calculation. The trading portfolio is made up entirely of derivatives, with no securities included. Most of the loan portfolio is with clients not subject to NFRD/EU Taxonomy and therefore not contributing to the taxonomy-aligned exposure but is still considered in the denominator of the GAR. Loans eligible for the GAR calculation are mostly with non-financial clients and only to a minor extent 'known use of proceeds' loans. As a result, the GAR is driven mainly by the taxonomy-alignment of SMBC EU Group's client base and mostly contributes to climate change mitigation.

SMBC EU Group's turnover-based GAR is 2.50% and the CapEx-based GAR is 3.83%.

Currently, the EU Taxonomy does not have a direct impact on the business strategy or a decisive influence on operations. However, developments around the EU Taxonomy continue to be monitored, and it will be reassessed in the future whether the EU Taxonomy can be integrated.

Climate

Strategy

The Bank recognises that climate change presents both risks and opportunities for its business. In addition, its business could have impacts on climate change. As detailed in section Double Materiality Assessment, these IROs are all material for the Bank, and therefore are considered in its strategic planning process, and incorporated into the Bank's Sustainability Strategy, which has been approved and is overseen by its Executive Board.

SMBC EU's Sustainability Strategy considers IROs resulting from climate change, in its four Strategic Ambition Statements. It supports the SMFG's approach to Sustainability Strategy.

- **Our clients:** Firstly, SMBC EU aims to 'Support our clients on their journey to sustainability'. SMBC EU works with clients directly on their response to climate change, within the boundaries of its Sustainability Client Engagement Framework. The Framework sets out engagement approaches used with clients in higher carbon sectors and those involved in the energy transition, with the aim of driving positive change while creating economic value. A focused group of sustainability experts within the Sustainability Solutions team provide advice to customers on topics such as how to finance their low carbon transition needs, technological and sectoral developments, and investor perspectives.
- **Our solutions:** Secondly, SMBC EU aims to be 'Recognised as a leading provider of green and sustainable finance solutions'. At present, SMBC EU offers: green loans, sustainability-linked loans, social loans, green deposits, lead arranging and advisory services for renewable energy, new energy and energy transition, and ESG-related capital markets activity. Mitigating and adapting to climate change is a primary focus of much of the sustainable finance facilitated by SMBC EU, either because the use of proceeds directly contributes to mitigation and/or adaptation, for example proceeds of project financing used for developing new renewable energy assets, or because climate action by clients is directly incentivised through the legal terms of financing.

- **Our business:** Thirdly, SMBC EU aims to embed sustainability management in our culture, risk appetite and all aspects of our business. Examples of this are ensuring all clients are assessed using SMBC EU's Climate Change Ratings Assessment ('CCRA')[9] annually, and ensuring all colleagues go through mandatory training related to climate change annually.
- **Our impact:** Finally, SMBC EU aims to 'Pursue long-term economic growth through social value creation for stakeholders'. One aspect of this is reducing the sustainability impacts of SMBC EU's business, including impacts on climate change. A key way in which it can do so is by supporting its clients' transition to a low carbon economy, in line with SMFG's public commitments to achieve net zero emissions in its overall loan and investment portfolio by 2050, as well as in its own operations by 2030. SMFG has also set medium-term GHG emissions reduction targets for the power, oil and gas, coal, steel and automotive sectors and has also established a Net Zero Transition Plan. SMBC EU is working towards translating these targets at the entity level, as well as working towards reporting on its emissions, including financed emissions. While SMBC EU works towards this, it manages the financed emissions related to new transactions with origination guidelines, to ensure it is contributing to the SMFG's overall net zero commitment and targets. The origination guidelines are detailed in Climate IRO management.

SMFG is also a signatory to the Poseidon Principles, and measures the carbon emissions of its lending portfolio of financed ships and discloses the alignment of its portfolio with the trajectory to achieve the United Nations' International Maritime Organisation's Greenhouse Gas Strategy, which was updated in 2023 in order to manage well-to-wake emissions.

Climate IRO assessment

General information on climate impacts, risks and opportunities assessment

Throughout the analysis, the Bank consistently considered climate adaptation, climate mitigation and energy aspects.

For the IRO pre-assessment of impacts in its own operations related to climate change, operational CO2 emissions and the fraction of renewable energy usage of SMBC EU Group offices were considered. The assessment focused on two different perspectives on own operations, the physical assets and infrastructure of the Bank and its core banking processes. For assessing the impact in the downstream and upstream value chain, SMBC EU analysed sector breakdowns with science-based heatmaps on their impact related to CO2 emissions. In relation to opportunities, the SMFG sustainable finance target and EU sustainable finance deals were considered. The risk materiality assessment leveraged a dedicated transmission channels assessment ('TCA') that is explained below. In workshops, stakeholders of SMBC EU critically challenged the pre-assessment and discussed how climate change could affect SMBC EU Group's business financially and how SMBC EU Group's operations, suppliers or clients impact climate change.

Assessing climate-related (physical and transition) risk

Climate change has the potential to substantially impact (financially, reputationally or physically) SMBC EU, its customers, the environment and society. Climate-related risk can manifest across all risk types.

The Bank has embedded a climate-related risk assessment process into its broader risk assessment framework. A central component of the Bank's Sustainability Risk Framework is the identification and evaluation process of climate-related risks through an analysis of relevant transmission channels, the causal chains and avenues through which ESG factors and risk drivers impact the prudential risk categories. The Bank specifically considers climate-related risks in the form of physical risks, stemming from the physical impacts of climate change as well as transition risks which emerge from uncertainties in pace, timing and magnitude of the societal, economic and regulatory shift towards a low carbon, sustainable economy. The materiality analysis combines ESG factors based on ESRS sustainability matters and ESG risk drivers based on an EBA report (EBA/REP/2021/18). The risk materiality assessment considers four distinct time horizons covering the short-, medium- and long-term time horizons and is conducted separately for own operations, upstream stakeholders (such as depositors and suppliers) and downstream activities (including lending and capital markets).

9 The Climate Change Ratings Assessment (CCRA) tool is an internal platform that allows the Bank to consider both physical and transition risks within the portfolio by assigning a Climate Risk Score to all in-scope customers.

Table 4: Consideration of ESG factors, risk drivers and risk register categories in the TCA

ESG factor (ESRS topic)	Risk drivers	Risk register categories
Climate change adaptation	Physical risk – Acute risk – Chronic risk	– Credit risk – Market risk – Liquidity risk – Operational risk – Enterprise risk
Climate change mitigation/energy	Transitional risk – Policy changes – Technological changes – Behavioural changes	

Physical risks, both acute and chronic, may affect the financial situation of obligors either directly or indirectly through impacts on operations, supply chains and markets. The risk materiality analysis for physical risks takes into account the portfolio's CCRA acute physical risk score. This is complemented by a breakdown of lending exposures' vulnerability to climate-related hazards. The key climate-related hazards considered in this analysis include the following:

Table 5: Consideration of acute and chronic physical risks in the TCA

Acute	Chronic
– River flood – Urban flood – Coastal flood – Landslide – Cyclone – Wildfire	– Water scarcity – Extreme heat

In addition to assessing counterparties, SMBC EU evaluates its own exposure to physical climate risk. This includes both direct and indirect vulnerabilities that could affect the Bank's ability to maintain operational continuity. Beyond its own infrastructure, the Bank considers third party dependencies in its assessment of operational physical risk. SMBC EU relies on several external service providers to support its business functions. If these providers are affected by climate-related physical hazards, the Bank may experience disruptions through service interruptions or delays.

The analysis of climate transition risks is structured around key types of transition risk drivers: policy changes, technological changes and behavioural changes:

- **Policy changes:** Arising from evolving climate-related regulations, such as stricter emission standards and carbon-pricing mechanisms, these policy shifts may increase compliance costs, restrict certain business activities and erode the long-term viability of carbon-intensive operations.
- **Technological changes:** Rapid advances in low carbon technologies may render existing products, processes or assets less competitive or obsolete, eventually leading to stranded assets, reduced market share or increased capital expenditure to adopt clean alternatives.
- **Behavioural changes:** Shifts in the attitudes and patterns of decision-making of customer, consumer and investors. Consumers may choose to support companies that prioritise sustainability principles. Investors are increasingly integrating sustainability considerations into their investment decisions, pushing for greater transparency around ESG factors and related risks and more robust sustainability strategies. These shifts in behaviour may lead to reduced demand for existing offerings and may lead to reputational risks affecting access to capital and funding if a company is perceived as lagging in its climate transition.

For the evaluation of credit risk impact, the analysis of transition risk is conducted at the sector level for the lending portfolio as the economic activity is considered a key determinant of a counterparty's exposure to transition risk, and transition dynamics vary significantly by sector. For other risk categories, the assessment is conducted in a sector-agnostic approach. This includes the evaluation of transition risk impact on the Bank's funding capacity. The assessment is conducted from the Bank's own perspective where applicable, in particular with respect to operational risk as well as reputational and business risks.

The resulting risk materiality assessments are mapped to the Bank's prudential risk categories as part of the annual risk

register process, ensuring their consideration in the broader risk management processes.

Scenario and resilience analysis

Scenarios in SMBC EUs climate-related risk assessments

SMBC EU employs climate-related scenario analysis to identify and assess transition risks and opportunities over short-, medium- and long-term horizons. This process involves evaluating various climate scenarios to understand their potential impacts on the Bank's financial position. The analysis anticipates risks such as regulatory changes, demand shifts, and evolving market dynamics and technological advancements. Scenarios with varying degrees of climate ambition are explored to assess the long-term viability of the business model and the resilience of the value chain. This approach allows the Bank to develop strategies that are resilient to different future outcomes, supporting its commitment to sustainability and responsible business practices.

The analysis of climate-related transmission channels is informed by scientific climate scenarios, including those published by the Network for the Greening of the Financial System ('NGFS') and other globally recognised institutions. These scenarios provide broader transition narratives, including orderly and disorderly transition pathways, against which the materiality of transition events is assessed. The results of the transmission channel analysis serve as the foundation for subsequent applications of climate scenario analysis, including ICAAP, ILAAP and long-term stress testing. In the context of physical climate risks, SMBC EU applies a long-term perspective that aligns with the underlying dynamics of the climate system and the expected timeline for materialisation of acute and chronic climate-related hazards. The transmission channel analysis incorporates assumptions consistent with high emission climate scenarios, acknowledging the cumulative impact of historical emissions and the inertia inherent in climate processes. The transmission channel analysis and CCRA physical risk scores are used as inputs into the ICAAP quantification.

Resilience analysis as part of ICAAP / ILAAP

SMBC EU conducts a climate resilience analysis on an annual basis as an integral part of its risk management and capital planning processes. The scope of the analysis includes both the Internal Capital Adequacy Assessment Process and the Internal Liquidity Adequacy Assessment Process, as well as a long-term scenario framework. These processes ensure that the Bank maintains sufficient capital and liquidity under both normal and stressed conditions. All material climate-related risks, including both physical and transition risks, are reflected in the scenario design. The scenarios used are based on scientifically grounded pathways, particularly those developed by the Network for the NGFS. These scenarios incorporate assumptions on how the transition to a low carbon economy may affect macroeconomic developments, energy consumption and mix, as well as the pace and scale of low carbon technology deployment. SMBC EMEA has developed an in-house climate scenario model to support forward-looking risk management, strategic planning and regulatory capital and liquidity assessments.

Results of the resilience analysis

The outcomes of SMBC EU's climate resilience analysis indicate that while climate-related risks have a measurable impact on the Bank's financial position, the institution remains resilient across the ICAAP and ILAAP horizon. Over the ICAAP horizon, the net zero scenario represents a comparatively more adverse trajectory than the ICAAP base case, reflecting both the gradual transmission of transition and physical risks into the credit portfolio and the inclusion of additional impacts for reputation and business risks under the scenario assumptions. In the long-term scenario analysis, the net zero scenario leads to the highest expected credit loss impact initially, reflecting the frontloading of transition-related impacts under an orderly transition pathway. However, in later years, disorderly scenarios of delayed transition and fragmented world exhibit more credit loss impacts primarily due to disruptive policy responses and physical risk impacts. These results support the conclusion that SMBC EU maintains a sound capital and liquidity resilience under a range of plausible climate scenarios while also highlighting the evolving nature of climate risk and its increasing materiality over longer time horizons. The Bank acknowledges the fact that NGFS scenarios used represent plausible but not predictive pathways, illustrating one possible trajectory of how the transition to a low carbon and climate-resilient economy could unfold.

Climate IRO management

The Bank's aim to be a leading provider of sustainable solutions, and offering sustainability-related products, is supported by Origination Procedures for sustainability-related products. Teams originating transactions are required to review the sustainability-related provisions, to ensure the best practice as defined by industry guidelines is followed. Cases can be escalated for review by an expert forum, for example transactions labelled as sustainable for a borrower in a sector with high climate change impacts are afforded additional due diligence to ensure they reach a high bar of positive impact.

These Origination Procedures outline the steps the Bank takes with the aim of ensuring that products and transactions, intended to support sustainability outcomes like climate change mitigation or adaptation, target sustainability performance improvement and minimise the risk of greenwashing.

On the other side of the impact equation, the Bank has implemented Guidelines for business originating in the energy and power sectors, to manage negative climate change impacts and contribute to SMFG's overall net zero commitment and targets. In line with these Guidelines, all transactions in these sectors are reviewed with the aim of originating business with clients that have transition plans aligned to the Bank's ambition. The Bank has defined what is required of its clients' transition plans within its internal Guidelines, and assesses transition plans as part of its Climate Change Ratings Assessment.

By supporting and engaging with clients with credible transition plans, the Bank intends to reduce impact and mitigate climate change based on real-world emissions reductions.

In addition to assessing client transition plans, the financed emissions impact of new transactions is assessed as part of the Guidelines, with the aim of ensuring business conducted by the Bank reflects SMFG's commitments and targets to transition its lending and investment portfolio in line with net zero by 2050.

The Bank has a process to deal with transactions in the energy and power sectors if they are misaligned with its Guidelines.

SMBC EU recognises climate risk in the form of transition and physical risk as a driver of financial risk that can affect the creditworthiness of individual clients and the overall risk profile of the portfolio. Climate-related risks are therefore integrated into the credit lifecycle, including client onboarding, transaction assessment, and reviews, as well as portfolio-level analysis. The credit guidelines, which outline requirements for assessing clients' emissions and evaluating exposure to carbon-intensive sectors, therefore also serve as a key tool for managing transition risks by supporting the integration of climate considerations into risk-relevant decision-making processes. While financed emissions are a central metric in assessing the Bank's environmental impact, they are also highly relevant from a transition risk perspective as they serve as an indicator of exposure to sectors and counterparties that may be vulnerable to decarbonisation policies, technologic disruption and / or market shifts. Accordingly, climate risk is embedded across ESG risk appetite, credit policies and broader risk management processes. A key instrument in operationalising these climate risk considerations is the internally developed CCRA tool. The CCRA platform enables structured assessment and monitoring of climate-related risk at both obligor and portfolio level:

- Assignment of transition and physical risk scores at client level, reflecting factors such as sectoral exposure, carbon intensity and vulnerability to climate hazards;
- Collection of GHG emissions data;
- Evaluation of client transition plans as key risk mitigation from SMBC EU's perspective;
- Triggers for in-depth review;
- Climate Risk Score assigned to all in-scope customers.

CCRA outputs are integrated in the credit and transaction approval process. CCRA data also informs materiality assessments, ESG risk appetite-setting as well as climate-related internal reporting.

In parallel, the Bank conducts Environmental and Social Due Diligence ('ES DD') for clients in targeted sectors and subject to defined exposure thresholds. While ES DD covers a broader range of ESG risk factors, the climate-related component is methodologically aligned with the CCRA's sector transition risk classification. The process includes assessment of clients' risk exposure and mitigation measures as well as the assignment of an overall sustainability risk category.

Together, these tools and processes establish a forward-looking framework for the identification, assessment and management of climate-related risks, supporting the Bank's risk management objectives.

Nature

Strategy

SMBC EU operates in line with SMFG's strategic direction, including sustainability considerations and the protection of nature and biodiversity. SMBC EU and SMFG recognise nature as fundamental and encompassing natural resources – such as plants, animals, atmosphere, water and soil – collectively known as 'natural capital'. Biodiversity supports the stability of natural capital, and its loss impacts the environment, economy and society. Damage to natural capital affects the entire supply chain.

Natural capital and climate change are interdependent. Changes in natural capital (including, e.g., atmosphere and forests) impact the climate, while climate change affects natural capital through increased precipitation and natural disasters. Collaborative efforts can promote societal change and achieve natural preservation goals. Loss of natural capital, including biodiversity, may impact business activities, increase inherent risks and reduce the value of financial assets. Conversely, conserving and restoring natural capital enriches people's lives and improves health. Understanding the interdependence between climate change and natural capital enhances control of climate change and maximises the benefits of ecosystem services.

Financial institutions have a strong relationship with natural capital through transactions with corporate and individual clients. Assessing risks and opportunities related to nature involves analysing customers' activities and their interface with natural capital. SMBC EU and SMFG prioritise understanding of these relationships to address nature-related risks and opportunities, advancing the risk management framework and supporting nature-positive efforts by customers.

Nature IRO assessment

The identification of actual and potential nature-related IROs covering pollution, water and marine resources, biodiversity and ecosystems, circular economy and resource use follows the previously mentioned DMA approach. This process is consistently applied across the entire DMA, with adjustments to address the specific focus of each nature-related aspect and the relevant stakeholders. The pre-assessment of impacts and opportunities is conducted through science-based heatmaps, internal information and expert judgement and provided an initial indication of which nature-related subtopics were likely to be material and which stakeholders are most affected. The heatmap-based pre-assessment considers the sub-topics defined in the ESRS related to E2–E5 through assessing global averages on the impact of the sectors related to heatmap components such as air pollutants, toxic pollutants to water and soil, water use, invasive species and solid-waste generation. In workshops, stakeholders of SMBC EU critically challenged the pre-assessment and discussed how nature could affect SMBC EU Group's business financially and how SMBC EU Group's operations, suppliers or clients impact nature.

Regarding the Bank's buildings and sites, all offices of SMBC EU Group in Europe are located inside cities. As a result, the Bank assessed that it does not have any building in or near particular biodiversity-sensitive areas, nor are the Bank's own operations dependent on specific ecosystem services. Due to the office-based banking operations in cities, no endangerment of nature or operational risk can be concluded. Overall, no IROs were assessed as material for sub-sub-topics related to biodiversity and ecosystems in the value chain segment of own operations. Therefore, currently no biodiversity mitigation measures need to be implemented for SMBC EU Group's own operations.

In the downstream value chain, the nature and biodiversity-related physical and transition risks including dependencies on ecosystem services were considered as part of the transmission channel analysis and assessed for their potential to drive credit and enterprise risk. The assessment concludes that biodiversity-related risks are currently immaterial to the Bank's business model and financial performance.

Nature IRO management

SMFG promotes the conservation and restoration of natural capital, striving to achieve nature-positive initiatives. It assesses environmental risks to reduce the impacts from its activities. SMFG offers financial products, information and solutions to support clients in addressing environmental issues and transition to a decarbonised society. SMFG has implemented decarbonisation practices and climate-related risk management with nature and biodiversity conservation in mind.

SMBC EU aligns with SMFG, implementing due diligence to address environmental and social risks affecting credit and reputational risks. This includes evaluating customers' risk-mitigation measures for sector-specific issues like emissions, waste, resource use and biodiversity. The goal is to integrate sustainability risk into the credit approval process, as well as promote engagement with customers on their transition plans and identify ESG risk mitigants. In the credit- and

lending-related risk assessments, particularly in project finance, environmental impacts related to climate change and nature connected to the Bank's clients are considered. In particular, project finance transactions undergo a thorough assessment of environmental and social risks that cover the impact perspective. The environmental screening process involves classifying the project into one of three categories based on the magnitude of potential impacts and risks, specifically related to significance, extent and potential irreversibility. An environmental review step ensures that the project meets environmental and social considerations. It also verifies compliance with international guidelines when making decisions about providing support. After support has been granted, the ongoing environmental monitoring process verifies that the project continues to comply with international guidelines. These steps ensure that all project finance transactions are rigorously evaluated for their environmental and social impacts, aligning with SMFG's commitment to sustainability and responsible financing.

Overall, SMBC EU's initiatives to mitigate climate change also contribute to reducing biodiversity loss, which is driven by the effects of climate change and has been identified as material in the DMA within the Bank's downstream value chain. The procedures and measures implemented by SMBC EU to address climate change mitigation are detailed further in section Climate.

These steps ensure that all project finance transactions are rigorously evaluated for their environmental and social impacts, aligning with SMFG's commitment to sustainability and responsible investment.

3. Social

Own workforce

Strategy

The term 'Own workforce' includes all employees who might be significantly affected by the Company's actions. This covers both permanent and temporary staff working for SMBC EU, including expatriates on secondment. Impacts related to 'Own workforce' have been identified as material.

SMBC EU relies heavily on a skilled and qualified workforce to operate efficiently and achieve its strategic goals. Inadequate or uncompetitive working conditions pose a risk to SMBC's ability to compete, attract and retain a sufficient and qualified workforce.

Material subtopics include:

- Working time: ensuring fair and manageable working hours.
- Work–life balance: promoting a healthy balance between work and personal life.
- Gender equality and equal pay: committing to equal opportunities and pay for all genders.
- Diversity: fostering an inclusive and diverse workplace.
- Data privacy: protecting the privacy and security of employee data.
- Ensuring equal treatment and opportunities for all is essential.

The business model and strategy take these material topics into account by integrating them into core operational and strategic decisions. The following section outlines the actions taken to address each topic.

Own workforce IRO assessment

The assessment for Own workforce was carried out in accordance with the previously mentioned DMA process. Own workforce-related impacts and opportunities were evaluated using employee engagement survey data, internal documents, policies and available human resources metrics for each sub-sub-matter. The risk assessment leveraged the results of SMBC EU's risk register process. The validation of the assessment was carried out through workshops involving the human resources department, the data privacy officer and the EU workers' council.

Own workforce IRO management

Working time: The Bank adheres to regulations in all locations where it operates. Employees are informed of their applicable working hours through their individual contracts or the Employee Handbook. To reduce the risk on working time, the Bank locally addresses policies on overtime monitoring where feasible. In Germany, a joint working council agreement applies for 'flextime, working rules and recording'. Additional local arrangements are designed to offer flexible, remote and smart working options. The Bank supports 'agile' working styles, recognising their importance in fostering work–life balance. Social KPIs including overtime and hybrid working are monitored and reported to the Executive Board.

Work–life balance: The Bank's policies and programmes aim to support a healthy balance between work and personal life, including hybrid working conditions and wellness programmes. Hybrid working allows employees to choose

the environment that best suits their tasks and objectives and mitigates against negative impacts on work–life balance. Wellness resources are readily available, and weekly communication provides a list of upcoming events, programmes, training and actions. The Bank is committed to engaging in social dialogue to enhance agile working arrangements and support local family-leave policies.

Gender equality and equal pay: The Bank is committed to being an inclusive and equal opportunity employer, appointing, training, developing and promoting individuals based on merit and ability. Promotion criteria and procedures are designed to prevent unconscious bias, with opportunities for challenge to ensure fairness. To promote equal opportunities and remove risk of unfair treatment, the Bank implements unbiased recruitment processes as well as training, and promotes women in leadership roles. It commits to equal pay for all genders by conducting regular pay reviews, ensuring fair salaries relative to peers, and aligning salary growth with employees' skills and experience. These principles aim to create equitable career prospects and employability of the Bank's workforce.

Diversity: The Bank recognises the importance of attracting, developing and retaining diverse talent. At the executive level, diversity and inclusion initiatives are overseen by the EMEA Diversity, Equity and Inclusion ('DEI') Steering Committee, which reports to the Board and Executive Committee. There is a local, German DEI country council that reports to the EMEA DEI Steering Committee. DRIVE (Diversity, Respect, Inclusion, Value, and Equality) is the umbrella for the Bank's employee resources groups. It aims to drive and elevate the sustainable growth of the Bank by fostering a diverse and inclusive workplace.

DRIVE is comprised of various networks, each focused on a key aspect of diversity and inclusion, namely Balance (gender), BE&A (Black employees and allies), Collaborate (inclusion), Niji (LGBTQ+), Social Mobility (socio-economic mobility) and UNIQUE EMEA (neurodiversity and disability).

Data privacy: Protecting employee data privacy is a priority, with data protection policies and practices in place. The Bank is committed to ensuring compliance with regulations and builds trust with employees by adhering to GDPR and local federal acts, applying additional measures as needed.

The Bank employs a variety of policies and tools to secure data privacy, including measures to prevent data leakage and manage insider risks. These policies and tools are designed to mitigate any potential risks. Regular employee training sessions and awareness programmes are conducted at all levels to reinforce these measures. Additionally, the Bank aims to continuously enhance the robustness of its applications to further safeguard data.

It is important to the Bank to create a supportive and competitive work environment that attracts and retains skilled and qualified employees, driving long-term success.

Metrics and targets

Gender diversity targets

SMBC Group is a proud signatory of the Women in Finance Charter ('WiFC'), and in July 2023 the Bank achieved its target to have 30% female representation in EMEA at Director level and above. In recognition of the importance of sustaining the focus on gender diversity, and to further accelerate progress, the Bank set a new target at the more senior level of Executive Director and above 30% by 2027. As at the end of March 2025, the business has 27% of females in senior leadership roles and therefore our 2027 WiFC target is achievable.

With the heightened emphasis on regulatory reporting and the expected growth of SMBC EU, it was recognised that additional measures were necessary to enhance employee diversity in Germany. Consequently, several annual diversity targets focused on female representation have been established and are monitored monthly.

Number of employees in SMBC EU Group

The number of permanent, expatriate and temporary employees in SMBC EU Group as at 31 March 2025 is as follows:

	Number
Permanent and expatriate employees	553[1]
Temporary employees	28

1 Members of the executive board of SMBC Bank EU AG and SNBL are included (5+3)

Number of employees in SMBC EU Group who belong to a workers' council / equivalent employee representative group

The table below shows the number of permanent employees who belong to a workers' council or equivalent employee representative group as at 31 March 2025:

	Location				
	Dusseldorf	Frankfurt	Luxembourg	Paris	Total
Number of employees	7	9	3	8	27

Women In Finance Charter – Women in senior leadership in SMBC EMEA

The Women in Finance Charter target is to achieve 30% female representation in senior leadership positions across SMBC EMEA by 2027.

This table shows the proportion of women in senior leadership in SMBC EMEA as a number and a percentage as at 31 March 2025:

	Female	Male	Total
Number	99	267	366
Percentage	27.0%	73.0%	100%

Gender distribution at top management level in SMBC EU Group

This table shows the gender distribution of top management of SMBC EU Group as a number and a percentage as at 31 March 2025:

	Female	Male	Total
Number	14	50	64
Percentage	21.9%	78.1%	100%

Employee age distribution

This table shows the age distribution of all permanent employees in SMBC EU Group as at 31 March 25:

	Age below 30	Age 30–50	Age 50 and above
Percentage	10.6%	72.0%	17.4%

Performance reviews and career conversations

All permanent employees in SMBC EU Group who were eligible for a performance review and career conversation in FY2024/25 completed the process.

Employee Class Definitions

- **Permanent** – This is defined as individuals directly employed by SMBC EU Group in their respective home country or region. These employees have a formal contract with SMBC EU Group that specifies the terms and conditions of their employment and has no specified end date. This population has an Employee Class of 'Permanent'.
- **Expatriate** – This is defined as employees working for SMBC EU Group outside of their home country. These employees have a formal employment contract with SMBC Tokyo and either: i) a secondment agreement between SMBC Tokyo and EUAG with a specified end date, or ii) a formal employment contract with SNBL. This population has an Employee Class of 'Expatriate'.
- **Fixed Term** – This refers to individuals who are directly employed by SMBC EU Group for a set period in their respective home country or region. These employees have a formal contract with SMBC EU Group that outlines the terms and conditions of their employment, including a specified end date. This group is classified under the Employee Class 'Fixed Term'.
- **Contingent** – This refers to individuals who are hired through a recruitment agency in their respective home country or region for a defined period. These individuals have a formal contract with the recruitment agency, which in turn has a contractual agreement with SMBC EU Group. This group is classified under the Employee Class 'Contingent'. This does not include consultants.
- **Intern** – This typically refers to students who are gaining practical work experience in their respective home country or region for a specified period of time. The students have a formal contract with SMBC EU Group that outlines the terms and conditions of their employment, including a specified end date. This group is classified under the Employee Class 'Intern'.

For the purpose of consolidated non-financial statement, the following definitions have been used.

- **Permanent employees in SMBC EU Group** – Total number of employees in SMBC EU Group with an Employee Class of 'Permanent' or 'Expatriate'.

- **Temporary employees in SMBC EU Group** – Total number of employees in SMBC EU Group with an Employee Class of 'Fixed Term' or 'Intern'.

- **Number of Employees in SMBC EU Group who belong to a workers' council / equivalent employee representative group** – this is made of up the total number of employees in SMBC EU Group belonging to a workers' council or equivalent staff representative group with an Employee Class of 'Permanent'. This does not include substitute members.
- **Women in Finance Charter – Women in senior leadership in SMBC EMEA** – this is the percentage of females in SMBC EMEA (except SNBL) whose Employee Class is 'Permanent' or 'Fixed Term' with a corporate title of Executive Director ('ED') or Managing Director ('MD').
- **Gender distribution at top management level in SMBC EU Group** – This refers to the percentage of female and male employees in SMBC EU Group with an Employee Class of 'Permanent' or 'Fixed Term' and a corporate title of ED or MD.
- **Proportion of women in senior leadership in SMBC EU Group Germany** – The percentage of female employees in SMBC EU Group Germany with an Employee Class of 'Permanent' or 'Fixed Term' and a corporate title of ED or MD.
- **Total proportion for female employees in SMBC EU Group Germany** – The percentage of female employees in SMBC EU Group Germany with an Employee Class of 'Permanent' or 'Fixed Term'.
- **Employee age distribution in SMBC EU Group** – This metric shows how all employees in SMBC EU Group with an Employee Class of 'Permanent' are placed across different age groups. It is reported as a percentage for each age group, which is calculated based on the birth date of each. For reporting purposes, the ages are categorised into three groups: under 30, 30–50 and over 50.
- **Percentage of employees that participated in regular performance and career development reviews** – This is the percentage of all eligible employees in SMBC EU Group with an Employee Class of 'Permanent' who participated in regular performance and career development reviews. Employees on leave of absence during the review period are excluded from the eligible population.

Social aspects

The Bank recognises the importance of making a positive contribution to the societies in which it operates and encourages all employees to think about how they can create social value as part of their day-to-day roles, including, but not limited to, volunteering with community or charitable organisations and fundraising. The Bank does not pursue policies regarding social matters aligned with section 289c para. 3 no. 1 HGB, as the DMA has identified it as an immaterial aspect. Nevertheless, the Bank is actively engaged in this regard through the following initiatives. In FY2024/25, the Bank and its employees contributed to a globally coordinated Social Value Creation week of Corporate Social Responsibility ('CSR') activities, where SMBC EU employees and representatives of the Executive Board participated in a series of volunteering events, including:

- Partnership with Frankfurter-Tafel, Tafel Düsseldorf e.V. and Kindertafel Düsseldorf Tafel to support Tafel's mission of redistributing surplus food to those in need by SMBC EU colleagues, including SMBC EU's CEO, Mr Stanislas Roger. This initiative not only tackles food waste, but also provides vital assistance to individuals experiencing food insecurity.
- SMBC EU's Paris branch co-hosted a large group of underprivileged high-school students for a Career Morning to provide a unique opportunity for students to gain insights into the banking sector and explore potential future career paths. The event featured workshops and panel discussions involving a range of senior staff, including SMBC EU's CEO, Mr Stanislas Roger.
- SMBC EU Dublin branch employees and senior management volunteered together to provide, organise, package and deliver Food Donation Care Packs to the Dublin Simon Community, a local charity that works to prevent and address homelessness across Ireland and enable people to move to a place they can call home.
- SMBC EU Madrid branch took part in the annual Big Food Collection campaign organised by the Food Bank of Madrid by volunteering in shifts at local supermarkets, helping collect food and financial donations to support individuals in poverty or at risk of social exclusion.

The Bank will promote such initiatives in upcoming years to expand existing relationships and identify new community organisations to which the Bank's staff may contribute time, skills and expertise.

Respect for human rights

Even though this topic is considered immaterial by the DMA, the Bank pursues the following HGB-compliant policies and actions in this regard.

SMBC EU Group's approach to slavery and human trafficking is guided by the principle that it should not be involved, directly or indirectly, in the commission or facilitation of slavery or human trafficking. This includes a cautious due diligence process in the selection of customers, business partners, suppliers and other third parties, to provide reasonable assurance that they are not involved in the commission or facilitation of slavery and / or human trafficking.

SMBC EU Group supports the SMBC Group Human Rights Report and Statement on Human Rights, based on the United Nations' Guiding Principles on Business and Human Rights ('UNGPs'). As such, SMBC EU Group is committed to protecting and respecting human rights in accordance with international human rights standards.

Social-related risks may manifest in financial and non-financial risks not only for customers but also for financial institutions. Human rights-related risks were considered as part of the transmission channel analysis (described in detail in section 2.1.2) and assessed for their potential to drive the traditional risk categories. Human rights-related risks may affect individual counterparties, but from the Bank's perspective the overall risk materiality is considered immaterial.

Supplier due diligence for human rights

SMBC Group commits to meet its responsibility to respect human rights in its supply chain. Therefore, SMBC Group has established the Sustainable Procurement Policy (Supplier Code of Conduct), which requires suppliers to comply with the laws and regulations applicable in the countries in which they operate, as well as to seek their understanding and cooperation on appropriate standards considered by SMBC Group.

As such, SMBC EU Group follows globally aligned standards and processes for evaluating, onboarding and managing external suppliers. SMBC EU Group has adopted the Sustainable Procurement Policy of SMBC Group. Those partnering with SMBC EU Group must meet rigorous business, compliance and financial stability criteria while adhering to the Bank's ethical guidelines, which outline expectations for responsible and sustainable business conduct. Suppliers operating in sectors with elevated ESG risks or heightened concerns related to modern slavery and human trafficking undergo enhanced due diligence and ongoing monitoring. The supplier due diligence process at SMBC EU Group consists of an annual service provider risk assessment which includes an ESG questionnaire, covering adherence to international standards on human rights such as the European Convention on Human Rights, as well as international standards on working conditions and the prohibition on human rights.

Human rights due diligence in customer onboarding and lending transaction processes

SMBC EU has policies and processes in place to prohibit transactions with businesses that cause child labour, forced labour and human trafficking. The Bank's credit management considers social-related risks in its decision-making on doing business with new and existing customers. For that purpose, SMBC EU implemented, aligned with SMFG, a human rights due diligence process which includes usage of the Environmental and Social Due Diligence ('ES DD') tool. The purpose of the ESDD is to recognise and assess the impact of various factors in affecting credit and reputational risks. Furthermore, the tool aims to promote engagement with customers on their transition plans and evolving ESG risk mitigants.

The implemented standards and processes at SMBC EU Group support its commitment to protecting and respecting human rights in FY2024/25.

4. Governance

Governance IRO assessment

The identification of actual and potential business conduct-related IROs follows the same structured approach detailed in the previously mentioned DMA process. This process is consistently applied across the entire DMA, with adjustments to address the specific focus of each business conduct-related aspect and the relevant stakeholders. The pre-assessment, conducted through internal governance-related information, provided an initial indication of which business conduct-related sub-topics were likely to be material and the stakeholders most affected. The pre-assessment considers the sub-topics defined in the ESRS: corporate culture, protection of whistleblowers, animal welfare, political engagement and lobbying activities, management of relationships with suppliers including payment practices, and corruption and bribery. In workshops, stakeholder of SMBC EU critically challenged the pre-assessment and discussed how those governance aspects could affect SMBC EU Group's business financially and how SMBC EU Group's operations, suppliers or clients impact them.

In the downstream value chain, the governance-related risks were considered as part of the transmission channel analysis and assessed for their potential to drive traditional risk categories. The assessment concludes governance-related risks originating from downstream activities are immaterial to the Bank's overall risk profile. With respect to the Bank's own business conduct, i.e. corporate culture risks related to the potential for an inadequate management of environment and social risks, the risk potential has been assessed as immaterial as well. Wider corporate culture risks in the form of risk culture have been assessed as material on the inherent risk dimension (before mitigating action) as part of the risk register process.

Corporate culture

SMBC EU Group is committed to fostering a culture that aligns with regulatory expectations, internal governance standards, and the broader EMEA culture framework. Our approach is grounded in SMBC's five global values – Integrity, Customer First, Speed & Quality, Innovation & Proactiveness, and One 'Team SMBC' – which underpin behaviours, decision-making and collective accountability across the organisation. These values are embedded in the Bank's Mission, Vision, and Culture Statement and serve as a foundation for how we lead, collaborate and engage with each other and stakeholders.

The Bank's Culture Governance Framework includes key mechanisms such as the EMEA Culture Governance Panel and network of Culture Champions across the Bank. These structures play a critical role in driving cultural alignment across all SMBC EU locations, aiming to ensure that local activities reinforce shared values while meeting regulatory and supervisory expectations.

All cultural initiatives, employee engagement activities and governance measures are designed to support a healthy, inclusive and values-driven environment. The Bank monitors and assesses the effectiveness of its cultural framework through structured oversight, bi-annual employee engagement surveys and the implementation of Culture Action Plans ('CAPs'), enabling us to identify areas for improvement and ensure continuous alignment with strategic and cultural priorities.

Business conduct

Within its roles and responsibilities, the Executive and Supervisory Boards aim to ensure that through internal structures, risk management functions, as well as policies and procedures, the SMBC EU Group has established a robust corporate governance culture. This particularly includes the 'three lines of defence' model, including functions such as Compliance, Risk Management and Audit. Therefore, all business conduct-related topics are led from the top.

SMBC EU Group defines standards and behaviours through an extensive framework of policies and procedures for identifying, reporting and investigating unlawful behaviours or breaches of its Code of Conduct. Essential rules for compliant and general behaviour are also defined in the respective Code of Conduct document. Within the Code of Conduct, guiding principles, responsibilities and Company-specific aspects are further outlined. Therefore, concrete reporting obligations are defined for internal stakeholders.

In line with national whistleblower regulations, SMBC EU Group has established internal policies and procedures to accommodate whistleblowing cases for both employees and other stakeholders, particularly including non-employee stakeholders.

SMBC EU Group has established dedicated reporting channels, both internally and externally. Investigations and reporting are conducted in line with the respective national whistleblowing regulations. SMBC EU Group therefore ensures whistleblowers are protected in accordance with national regulations.

SMBC EU Group has established processes to investigate business conduct incidents promptly, independently and objectively.

SMBC EU Group has defined a training concept within its policies and procedures, divided into three pillars. These training methods include face-to-face sessions, group sessions and electronic learning. They also cover conduct-related topics, among others.

Anti-bribery and corruption

Even though this topic is considered immaterial by the DMA, the Bank pursues the following HGB-compliant policies and actions in this regard.

The Bank faces both employee and third party bribery and corruption risks. The key bribery and corruption risk typologies that the Bank and its employees face are defined in the Bank's anti-bribery and corruption ('ABC') policy. These are focused on gifts and entertainment, hiring, donations and sponsorships, third-party intermediaries and vendors, and transactions. All departments and employees of the Bank that are exposed to one or more of these risk typologies face an enhanced risk for bribery and corruption. The Bank's Financial Crime Risk Assessment ('FCRA') has highlighted that customer-facing departments will inherently face an enhanced bribery and corruption risk compared with other departments due to the nature of their activities. However, it is important to note that all departments and all employees are at risk. The Bank has several procedures in place covering the prevention of bribery and corruption, as well as procedures covering other types of financial crime that mitigate the Bank's exposure to bribery and corruption, such as money laundering, terrorist financing, fraud, and sanctions evasion.

A policy for anti-bribery and corruption is in place and has been mapped to the UN Convention against Corruption. The mapping did not show any gaps between the convention and the relevant policy, which means that the Bank is satisfied that all relevant requirements of the UN Convention against Corruption are implemented within the Bank's ABC policy. The Bank conducts risk-based due diligence on its suppliers and associated parties. These third parties are also screened for negative news, sanctions, politically exposed persons and other public positions. High-risk suppliers and associated parties that fall outside the Bank's ABC risk appetite will not be accepted.

Gifts and entertainment ('G&E'), both given to and received by the Bank's employees, are subject to the EMEA Division G&E policy. This policy outlines the requirements for all employees to register all G&E in the Bank's G&E register and to seek the appropriate levels of management pre-approvals where necessary.

The Bank has a whistleblowing procedure in place where all employees can find the appropriate channel to raise their

concerns. The procedure also covers how these concerns should be handled and investigated, and the protection for employees from unfair treatment.

The ABC policy outlines the requirement for all employees to escalate bribery and corruption concerns to the relevant Money Laundering Reporting Officer ('MLRO').

Independent investigations are carried out in the second line of defence by Compliance, which is fully independent from both an operational and managerial perspective from those business departments that sit in the first line of defence.

Bribery and corruption management information is to be made available to the respective local MLRO, local compliance officer or senior management, on a regular basis or when requested on an ad-hoc basis. This management information will also be reported to the appropriate committees to enable senior management to fulfil their function. The management information will be shared with supervisory bodies upon request. Outcomes of specific cases or incidents are reported ad-hoc to the Executive Board.

If an employee has committed a high-risk breach or repeatedly committed low or medium breaches, this will be escalated both to Compliance and at least the head of the department. All serious or material misconduct must be escalated to the regional chief compliance officer to ensure that any necessary regulatory notification is given.

All policies are available to all employees through the Bank's intranet and central policy and procedure depository. All new policies and updates to existing policies are distributed via email and are addressed in standing calls between the first and second lines of defence. Training is also provided on the relevant policies and their contents.

All new joiners need to complete anti-bribery and corruption training. All employees are also subject to annual refresher training. The trainings cover the expectations set in regulations, policies and procedures, as well as the processes and tools in place to mitigate bribery and corruption risks. Most of the trainings are held online as eLearnings. Attendance is monitored, tracked and escalated to relevant management. Non-attendance is not tolerated.

Currently, all employees receive the same training, which means that administrative, supervisory and management bodies of the Bank receive the same training as all other employees. The Bank recognises that appropriate training on bribery and corruption must be provided to all employees at least annually to ensure they are aware of their personal obligations and the relevant regulatory requirements. The Bank will conduct training that covers general risk awareness of ABC for all employees and contractors at induction; additional mandatory refresher training will take place every year. The training will cover the key factors for employees to be aware of, and whom to contact should they identify an issue or require more information.

There have been no convictions for violation of anti-corruption and anti-bribery laws and there have been no fines for violation of anti-corruption and anti-bribery laws in the current reporting period.

There have also not been any breaches during this reporting period, so no actions have been taken. In the event of a breach of policy, procedure or any applicable laws or regulations, the matter will be escalated and investigated in line with the Bank's incident reporting policy or via the whistleblowing framework.

The Bank may employ external legal counsel or other external advisors if required and will report any identified crime to the appropriate law enforcement agencies or regulators. Employees found to have infringed policy, procedure, or any law or regulation shall be subject to appropriate disciplinary action, up to and including dismissal, in accordance with applicable employment laws, and may be subject to criminal prosecution.

VIII. Annex for EU Taxonomy Reporting (not part of the audit of the external auditor)

Template 00.: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

			0010		0020	0030	0040	0050	0060
			Total environmentally sustainable assets (turnover based)	Total environmentally sustainable assets (CAPEX based)	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
10	Main KPI	Green asset ratio (GAR) stock	463.18	708.80	2.50	3.83	72.31	61.60	27.69

			Total environmentally sustainable activities		KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
20	Additional KPIs	GAR (flow)	93.35	36.51	0.83	0.32	26.34	23.72	73.66
30		Trading book*							
40		Financial guarantees	39.75	78.82	8.54	16.93			
		GAR (flow) financial guarantees	131.00	192.79	24.36	35.85			
50		Assets under management							
60		Fees and commissions income**							

* For Credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR
** Fees and commissions income from services other than lending and AuM

Instutitons shall dislcose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

*** % of assets covered by the KPI over banks' total assets
**** based on the Turnover KPI of the counterparty
***** based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Note 1: Accross the reporting templates: cells shaded in black should not be reported.
Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs'inclusion in these KPI will only apply subject to a positive result of an impact assessment

Table 1.1.: Assets for the calculation of GAR (Capex KPIs)

		a	b	c	d	e	f	g	h	i	j
	In million EUR										31.03.2025
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator											
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,743.72	1,829.01	667.69	135.36	148.06	121.15	186.49	41.11		3.21
2	**Financial undertakings**	1,050.58	783.51	197.56		93.28	4.29	178.87	37.78		0.11
3	Credit institutions										
4	Loans and advances										
5	Debt securities, including UoP										
6	Equity instruments										
7	Other financial corporations	1,050.58	783.51	197.56		93.28	4.29	178.87	37.78		0.11
8	of which investment firms	102.89	101.56	101.50			4.00				
9	Loans and advances	102.89	101.56	101.50			4.00				
10	Debt securities, including UoP										
11	Equity instruments										
12	of which management companies										
13	Loans and advances										
14	Debt securities, including UoP										
15	Equity instruments										
16	of which insurance undertakings	0.01	0.00	0.00		0.00					
17	Loans and advances	0.01	0.00	0.00		0.00					
18	Debt securities, including UoP										
19	Equity instruments										
20	**Non-financial undertakings**	1,693.13	1,045.50	470.13	135.36	54.78	116.86	7.62	3.34		3.10
21	Loans and advances	1,693.13	1,045.50	470.13	135.36	54.78	116.86	7.62	3.34		3.10
22	Debt securities, including UoP										
23	Equity instruments										
24	**Households**										
25	of which loans collateralised by residential immovable property										
26	of which building renovation loans										
27	of which motor vehicle loans										
28	**Local governments financing**										
29	Housing financing										
30	Other local government financing										

		a	b	c	d	e	f	g	h	i	j
	In million EUR										31.03.2025
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
31	**Collateral obtained by taking possession: residential and commercial immovable properties**										
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	15,785.90									
33	**Financial and Non-financial undertakings**	14,990.13									
34	SME's and NFCs (other then SMEs) not subject to NFRD disclosure obligations	10,974.48									
35	Loans and advances	10,779.14									
36	of which loans collateralised by commercial immovable property	359.20									
37	of which building renovation loans										
38	Debt securities	195.34									
39	Equity instruments										
40	Non-EU country counterparties not subject to NFRD disclosure obligations	4,015.65									
41	Loans and advances	4,015.65									
42	Debt securities										
43	Equity instruments										
44	**Derivatives**	25.23									
45	**On demand interbank loans**	399.57									
46	**Cash and cash-related assets**										
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	370.98									
48	**Total GAR assets**	18,529.62	1,829.01	667.69	135.36	148.06	121.15	186.49	41.11		3.21
49	**Assets not covered for GAR calculation**	7,095.97									
50	**Central governments and Supranational issuers**	0.02									
51	**Central banks exposures**	6,113.78									
52	**Trading book**	982.17									
53	**Total assets**	25,625.59	1,829.01	667.69	135.36	148.06	121.15	186.49	41.11		3.21
Off-balance sheet exposures – Corporates subject to NFRD disclosure obligations											
54	Financial guarantees	465.57	198.61	78.68		8.68	19.93	4.54	0.13		
55	Assets under management										
56	Of which debt securities										
57	Of which equity instruments										

		k	l	m	n	o	p	q	r
	In million EUR								31.03.2025
			Water and marine resources (WTR)						Circular economy (CE)
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	123.50	0.00			123.50	0.00		
2	**Financial undertakings**	114.67				114.67			
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations	114.67				114.67			
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	**Non-financial undertakings**	8.83	0.00			8.83	0.00		
21	Loans and advances	8.83	0.00			8.83	0.00		
22	Debt securities, including UoP								
23	Equity instruments								
24	**Households**								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	**Local governments financing**								
29	Housing financing								
30	Other local government financing								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**								
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**								
33	**Financial and Non-financial undertakings**								

		k	l	m	n	o	p	q	r
	In million EUR								31.03.2025
		Water and marine resources (WTR)				Circular economy (CE)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
34	SME's and NFCs (other then SMEs) not subject to NFRD disclosure obligations								
35	Loans and advances								
36	of which loans collateralised by commercial immovable property								
37	of which building renovation loans								
38	Debt securities								
39	Equity instruments								
40	Non-EU country counterparties not subject to NFRD disclosure obligations								
41	Loans and advances								
42	Debt securities								
43	Equity instruments								
44	**Derivatives**								
45	**On demand interbank loans**								
46	**Cash and cash-related assets**								
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**								
48	**Total GAR assets**	123.50	0.00			123.50	0.00		
49	**Assets not covered for GAR calculation**								
50	**Central governments and Supranational issuers**								
51	**Central banks exposures**								
52	**Trading book**								
53	**Total assets**	123.50	0.00			123.50	0.00		
Off-balance sheet exposures – Corporates subject to NFRD disclosure obligations									
54	Financial guarantees	5.09				5.10			
55	Assets under management								
56	Of which debt securities								
57	Of which equity instruments								

		s	t	u	v	w	x	z	aa
	In million EUR								31.03.2025
					Pollution (PPC)				Biodiversity and Ecosystems (BIO)
					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)
					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which transitional
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.04							
2	**Financial undertakings**								
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations								
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	**Non-financial undertakings**	0.04							
21	Loans and advances	0.04							
22	Debt securities, including UoP								
23	Equity instruments								
24	**Households**								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	**Local governments financing**								
29	Housing financing								
30	Other local government financing								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**								

		s	t	u	v	w	x	z	aa
	In million EUR								31.03.2025
				Pollution (PPC)				Biodiversity and Ecosystems (BIO)	
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which transitional
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**								
33	**Financial and Non-financial undertakings**								
34	SME's and NFCs (other then SMEs) not subject to NFRD disclosure obligations								
35	Loans and advances								
36	of which loans collateralised by commercial immovable property								
37	of which building renovation loans								
38	Debt securities								
39	Equity instruments								
40	Non-EU country counterparties not subject to NFRD disclosure obligations								
41	Loans and advances								
42	Debt securities								
43	Equity instruments								
44	**Derivatives**								
45	**On demand interbank loans**								
46	**Cash and cash-related assets**								
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**								
48	**Total GAR assets**	0.04							
49	**Assets not covered for GAR calculation**								
50	**Central governments and Supranational issuers**								
51	**Central banks exposures**								
52	**Trading book**								
53	**Total assets**	0.04							
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations									
54	Financial guarantees								
55	Assets under management								
56	Of which debt securities								
57	Of which equity instruments								

		ab	ac	ad	ae	af
	in million EUR					31.03.2025
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,262.54	708.80	135.36	148.06	124.36
2	**Financial undertakings**	1,191.72	235.34		93.28	4.40
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations	1,191.72	235.34		93.28	4.40
8	of which investment firms	101.56	101.50			4.40
9	Loans and advances	101.56	101.50			4.40
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings	0.00	0.00		0.00	
17	Loans and advances	0.00	0.00		0.00	
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	1,070.82	473.47	135.36	54.78	119.96
21	Loans and advances	1,070.82	473.47	135.36	54.78	119.96
22	Debt securities, including UoP					
23	Equity instruments					
24	**Households**					
25	of which loans collateralised by residential immovable property					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					

	in million EUR	ab	ac	ad	ae	af
						31.03.2025
						TOTAL (CCM + CCA + WTR + CE + PPC + BIO)
						Of which towards taxonomy relevant sectors (Taxonomy-eligible)
						Of which environmentally sustainable (Taxonomy-aligned)
				Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**					
34	SME's and NFCs (other then SMEs) not subject to NFRD disclosure obligations					
35	Loans and advances					
36	of which loans collateralised by commercial immovable property					
37	of which building renovation loans					
38	Debt securities					
39	Equity instruments					
40	Non-EU country counterparties not subject to NFRD disclosure obligations					
41	Loans and advances					
42	Debt securities					
43	Equity instruments					
44	**Derivatives**					
45	**On demand interbank loans**					
46	**Cash and cash-related assets**					
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**					
48	**Total GAR assets**	2,262.54	708.80	135.36	148.06	124.36
49	**Assets not covered for GAR calculation**					
50	**Central governments and Supranational issuers**					
51	**Central banks exposures**					
52	**Trading book**					
53	**Total assets**	2,262.54	708.80	135.36	148.06	124.36
	Off-balance sheet exposures – Corporates subject to NFRD disclosure obligations					
54	Financial guarantees	213.33	78.82		8.68	19.93
55	Assets under management					
56	Of which debt securities					
57	Of which equity instruments					

Table 1.2.: Assets for the calculation of GAR (Turnover KPIs)

		a	b	c	d	e	f	g	h	i	j
	in million EUR										31.03.2025
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR – Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,743.72	1,092.24	358.71	135.36	98.47	43.57	189.92	104.41		0.36
2	**Financial undertakings**	1,050.58	458.71	96.71		42.50	2.83	179.30	104.07		0.35
3	Credit institutions										
4	Loans and advances										
5	Debt securities, including UoP										
6	Equity instruments										
7	Other financial corporations	1,050.58	458.71	96.71		42.50	2.83	179.30	104.07		0.35
8	of which investment firms	102.89	55.30	54.00			2.82				
9	Loans and advances	102.89	55.30	54.00			2.82				
10	Debt securities, including UoP										
11	Equity instruments										
12	of which management companies										
13	Loans and advances										
14	Debt securities, including UoP										
15	Equity instruments										
16	of which insurance undertakings	0.01	0.00	0.00		0.00					
17	Loans and advances	0.01	0.00	0.00		0.00					
18	Debt securities, including UoP										
19	Equity instruments										
20	**Non-financial undertakings**	1,693.13	633.53	262.01	135.36	55.98	40.75	10.62	0.34		0.00
21	Loans and advances	1,693.13	633.53	262.01	135.36	55.98	40.75	10.62	0.34		0.00
22	Debt securities, including UoP										
23	Equity instruments										
24	**Households**										
25	of which loans collateralised by residential immovable property										
26	of which building renovation loans										
27	of which motor vehicle loans										
28	**Local governments financing**										

		a	b	c	d	e	f	g	h	i	j
	in million EUR										31.03.2025
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling	
29	Housing financing										
30	Other local government financing										
31	**Collateral obtained by taking possession: residential and commercial immovable properties**										
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	15,785.90									
33	**Financial and Non-financial undertakings**	14,990.13									
34	SME's and NFCs (other then SMEs) not subject to NFRD disclosure obligations	10,974.48									
35	Loans and advances	10,779.14									
36	of which loans collateralised by commercial immovable property	359.20									
37	of which building renovation loans										
38	Debt securities	195.34									
39	Equity instruments										
40	Non-EU country counterparties not subject to NFRD disclosure obligations	4,015.65									
41	Loans and advances	4,015.65									
42	Debt securities										
43	Equity instruments										
44	**Derivatives**	25.23									
45	**On demand interbank loans**	399.57									
46	**Cash and cash-related assets**										
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	370.98									
48	**Total GAR assets**	18,529.62	1,092.24	358.71	135.36	98.47	43.57	189.92	104.41		0.36
49	**Assets not covered for GAR calculation**	7,095.97									
50	**Central governments and Supranational issuers**	0.02									
51	**Central banks exposures**	6,113.78									
52	**Trading book**	982.17									
53	**Total assets**	25,625.59	1,092.24	358.71	135.36	98.47	43.57	189.92	104.41		0.36

		a	b	c	d	e	f	g	h	i	j
	in million EUR										31.03.2025
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	Off-balance sheet exposures – Corporates subject to NFRD disclosure obligations										
54	Financial guarantees	465.57	138.99	39.75		4.02	10.58	2.53			
55	Assets under management										
56	Of which debt securities										

		k	l	m	n	o	p	q	r
	in million EUR								31.03.2025
			Water and marine resources (WTR)						Circular economy (CE)
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)	
				Of which specialised lending	Of which enabling			Of which specialised lending	Of which enabling
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.05	0.05		0.04	135.81	0.00		
2	**Financial undertakings**	0.04	0.04		0.04	135.77			
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations	0.04	0.04		0.04	135.77			
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	**Non-financial undertakings**	0.02	0.02			0.05	0.00		
21	Loans and advances	0.02	0.02			0.05	0.00		
22	Debt securities, including UoP								
23	Equity instruments								
24	**Households**								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	**Local governments financing**								
29	Housing financing								
30	Other local government financing								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**								

		k	l	m	n	o	p	q	r
	in million EUR								31.03.2025
			Water and marine resources (WTR)						Circular economy (CE)
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
				Of which specialised lending	Of which enabling			Of which specialised lending	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**								
33	**Financial and Non-financial undertakings**								
34	SME's and NFCs (other then SMEs) not subject to NFRD disclosure obligations								
35	Loans and advances								
36	of which loans collateralised by commercial immovable property								
37	of which building renovation loans								
38	Debt securities								
39	Equity instruments								
40	Non-EU country counterparties not subject to NFRD disclosure obligations								
41	Loans and advances								
42	Debt securities								
43	Equity instruments								
44	**Derivatives**								
45	**On demand interbank loans**								
46	**Cash and cash-related assets**								
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**								
48	**Total GAR assets**	0.05	0.05		0.04	135.81	0.00		
49	**Assets not covered for GAR calculation**								
50	**Central governments and Supranational issuers**								
51	**Central banks exposures**								
52	**Trading book**								
53	**Total assets**	0.05	0.05		0.04	135.81	0.00		
Off-balance sheet exposures – Corporates subject to NFRD disclosure obligations									
54	Financial guarantees	0.01	0.00			9.55			
55	Assets under management								
56	Of which debt securities								
57	Of which equity instruments								

		s	t	u	v	w	x	z	aa
	in million EUR								31.03.2025
					Pollution (PPC)				Biodiversity and Ecosystems (BIO)
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)	
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which transitional
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00	0.00			0.26			
2	**Financial undertakings**								
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations								
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	**Non-financial undertakings**	0.00	0.00			0.26			
21	Loans and advances	0.00	0.00			0.26			
22	Debt securities, including UoP								
23	Equity instruments								
24	**Households**								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	**Local governments financing**								
29	Housing financing								
30	Other local government financing								
31	**Collateral obtained by taking possession: residential and commercial immovable properties**								

		s	t	u	v	w	x	z	aa
	in million EUR								31.03.2025
				Pollution (PPC)					Biodiversity and Ecosystems (BIO)
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)	
				Of which Use of Proceeds	Of which transitional			Of which Use of Proceeds	Of which transitional
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**								
33	**Financial and Non-financial undertakings**								
34	SME's and NFCs (other thenthan SMEs) not subject to NFRD disclosure obligations								
35	Loans and advances								
36	of which loans collateralised by commercial immovable property								
37	of which building renovation loans								
38	Debt securities								
39	Equity instruments								
40	Non-EU country counterparties not subject to NFRD disclosure obligations								
41	Loans and advances								
42	Debt securities								
43	Equity instruments								
44	**Derivatives**								
45	**On demand interbank loans**								
46	**Cash and cash-related assets**								
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**								
48	**Total GAR assets**	0.00	0.00			0.26			
49	**Assets not covered for GAR calculation**								
50	**Central governments and Supranational issuers**								
51	**Central banks exposures**								
52	**Trading book**								
53	**Total assets**	0.00	0.00			0.26			
Off-balance sheet exposures – Corporates subject to NFRD disclosure obligations									
54	Financial guarantees								
55	Assets under management								
56	Of which debt securities								
57	Of which equity instruments								

		ab	ac	ad	ae	af
	in million EUR					31.03.2025
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling
GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1,418.29	463.18	135.36	98.47	43.97
2	**Financial undertakings**	773.81	200.82		42.50	43.22
3	Credit institutions					
4	Loans and advances					
5	Debt securities, including UoP					
6	Equity instruments					
7	Other financial corporations	773.81	200.82		42.50	43.22
8	of which investment firms	55.30	54.00			2.82
9	Loans and advances	55.30	54.00			2.82
10	Debt securities, including UoP					
11	Equity instruments					
12	of which management companies					
13	Loans and advances					
14	Debt securities, including UoP					
15	Equity instruments					
16	of which insurance undertakings	0.00	0.00		0.00	
17	Loans and advances	0.00	0.00		0.00	
18	Debt securities, including UoP					
19	Equity instruments					
20	**Non-financial undertakings**	644.48	262.36	135.36	55.98	40.75
21	Loans and advances	644.48	262.36	135.36	55.98	40.75
22	Debt securities, including UoP					
23	Equity instruments					
24	**Households**					
25	of which loans collateralised by residential immovable property					
26	of which building renovation loans					
27	of which motor vehicle loans					
28	**Local governments financing**					
29	Housing financing					
30	Other local government financing					
31	**Collateral obtained by taking possession: residential and commercial immovable properties**					

	in million EUR	ab	ac	ad	ae	af
						31.03.2025
						TOTAL (CCM + CCA + WTR + CE + PPC + BIO)
						Of which towards taxonomy relevant sectors (Taxonomy-eligible)
						Of which environmentally sustainable (Taxonomy-aligned)
				Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**					
33	**Financial and Non-financial undertakings**					
34	SME's and NFCs (other then SMEs) not subject to NFRD disclosure obligations					
35	Loans and advances					
36	of which loans collateralised by commercial immovable property					
37	of which building renovation loans					
38	Debt securities					
39	Equity instruments					
40	Non-EU country counterparties not subject to NFRD disclosure obligations					
41	Loans and advances					
42	Debt securities					
43	Equity instruments					
44	**Derivatives**					
45	**On demand interbank loans**					
46	**Cash and cash-related assets**					
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**					
48	**Total GAR assets**	1,418.29	463.18	135.36	98.47	43.97
49	**Assets not covered for GAR calculation**					
50	**Central governments and Supranational issuers**					
51	**Central banks exposures**					
52	**Trading book**					
53	**Total assets**	1,418.29	463.18	135.36	98.47	43.97
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations					
54	Financial guarantees	151.08	39.75		4.02	10.58
55	Assets under management					
56	Of which debt securities					
57	Of which equity instruments					

Table 2.1.: GAR sector information (Turnover KPIs)

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Breakdown by sector - NACE 4 digits level (code and label)	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		in million EUR	Of which environmentally sustainable (CCM)	in million EUR	Of which environmentally sustainable (CCM)	in million EUR	Of which environmentally sustainable (CCA)	in million EUR	Of which environmentally sustainable (CCA)
10	B06.10	66.01							
13	B09.10	125.45	1.13						
21	C19.20	30.24	0.01						
22	C20.11	0.00							
32	C20.15	0.00	0.00						
42	C26.11	0.01							
46	C29.10	5.52	0.39						
51	C30.30	0.06							
52	D35.11	276.01	75.50						
53	D35.12	0.04	0.03						
54	D35.13	7.08	0.08						
55	D35.14	110.90	110.89						
56	D35.21								
57	D35.22	0.03	0.00						
58	D35.30								
65	F41.20	15.03	1.64			15.03	0.00		
68	F42.11	75.29							
70	G46.75	0.02	0.00						
71	H49.50	0.02	0.00						
72	H50.20	50.61	24.48			50.61	0.00		
73	H51.10	0.12	0.03						
78	H52.10	25.04							
79	H52.23	0.06	0.03						
80	J61.20	17.61	0.00						
81	J61.90	112.22	4.14			112.22	0.34		
88	J62.01	0.02							
90	J62.09	185.03							
91	L68.20	100.46	21.24						
92	M70.10	490.25	22.42						

		i	j	k	l	m	n	o	p
		Water and marine resources (WTR)				Circular economy (CE)			
	Breakdown by sector - NACE 4 digits level (code and label)	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		in million EUR	Of which environmentally sustainable (WTR)	in million EUR	Of which environmentally sustainable (WTR)	in million EUR	Of which environmentally sustainable (CE)	in million EUR	Of which environmentally sustainable (CE)
10	B06.10								
13	B09.10								
21	C19.20								
22	C20.11								
32	C20.15								
42	C26.11								
46	C29.10								
51	C30.30								
52	D35.11								
53	D35.12								
54	D35.13	7.08	0.00						
55	D35.14								
56	D35.21								
57	D35.22								
58	D35.30								
65	F41.20	15.03	0.02						
68	F42.11								
70	G46.75								
71	H49.50								
72	H50.20								
73	H51.10								
78	H52.10								
79	H52.23								
80	J61.20					17.61	0.00		
81	J61.90								
88	J62.01								
90	J62.09								
91	L68.20								
92	M70.10	490.25	0.00			490.25	0.00		

		q	r	s	t	u	v	w	x
		Water and marine resources (WTR)				Circular economy (CE)			
	Breakdown by sector - NACE 4 digits level (code and label)	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		in million EUR	Of which environmentally sustainable (WTR)	in million EUR	Of which environmentally sustainable (WTR)	in million EUR	Of which environmentally sustainable (CE)	in million EUR	Of which environmentally sustainable (CE)
10	B06.10								
13	B09.10								
21	C19.20								
22	C20.11								
32	C20.15								
42	C26.11								
46	C29.10								
51	C30.30								
52	D35.11								
53	D35.12								
54	D35.13								
55	D35.14								
56	D35.21								
57	D35.22								
58	D35.30								
65	F41.20								
68	F42.11								
70	G46.75								
71	H49.50								
72	H50.20								
73	H51.10								
78	H52.10								
79	H52.23								
80	J61.20								
81	J61.90								
88	J62.01								
90	J62.09								
91	L68.20								
92	M70.10								

	Breakdown by sector - NACE 4 digits level (code and label)	y	z	aa	ab
					TOTAL (CCM + CCA + WMR + CE + P + BE)
		Non-Financial corporates (Subject to NFRD)			SMEs and other NFC not subject to NFRD
		[Gross] carrying amount			[Gross] carrying amount
		in million EUR	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**	**in million EUR**	**Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)**
10	B06.10	66.01	0.00		
13	B09.10	125.45	1.13		
21	C19.20	30.24	0.01		
22	C20.11	0.00	0.00		
32	C20.15	0.00	0.00		
42	C26.11	0.01	0.00		
46	C29.10	5.52	0.39		
51	C30.30	0.06	0.00		
52	D35.11	276.01	75.50		
53	D35.12	0.04	0.03		
54	D35.13	7.08	0.08		
55	D35.14	110.90	110.89		
56	D35.21				
57	D35.22	0.03	0.00		
58	D35.30				
65	F41.20	15.03	1.66		
68	F42.11	75.29	0.00		
70	G46.75	0.02	0.00		
71	H49.50	0.02	0.00		
72	H50.20	50.61	24.48		
73	H51.10	0.12	0.03		
78	H52.10	25.04	0.00		
79	H52.23	0.06	0.03		
80	J61.20	17.61	0.00		
81	J61.90	112.22	4.48		
88	J62.01	0.02	0.00		
90	J62.09	185.03	0.00		
91	L68.20	100.46	21.24		
92	M70.10	490.25	22.42		

Table 2.2.: GAR sector information (Capex KPIs)

		a	b	c	d	e	f	g	h
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			
	Breakdown by sector - NACE 4 digits level (code and label)	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		in million EUR	Of which environmentally sustainable (CCM)	in million EUR	Of which environmentally sustainable (CCM)	in million EUR	Of which environmentally sustainable (CCA)	in million EUR	Of which environmentally sustainable (CCA)
10	B06.10	66.01	0.02						
13	B09.10	125.45	9.91						
21	C19.20	30.24	0.29				0.00		
22	C20.11	0.00							
32	C20.15	0.00	0.00						
42	C26.11	0.01	0.00						
46	C29.10	5.52	1.99						
51	C30.30	0.06	0.00						
52	D35.11	276.01	133.15			276.01	3.26		
53	D35.12	0.04	0.04						
55	D35.13	7.08	0.18						
57	D35.14	110.90	110.89						
65	D35.22	0.03	0.01						
68	F41.20	15.03	0.38						
70	F42.11	75.29							
71	G46.75	0.02	0.00						
73	H49.50	0.02	0.00			0.02	0.00		
78	H50.20	50.61	26.16						
79	H51.10	0.12	0.06						
80	H52.10	25.04							
81	H52.23	0.06	0.02						
88	J61.20	17.61	0.00						
90	J61.90	112.22	30.58			112.22	0.08		
101	J62.01	0.02							
102	J62.09	185.03							
103	L68.20	100.46	36.89						
104	M70.10	490.25	119.57						

		i	j	k	l	m	n	o	p
		Water and marine resources (WTR)				Circular economy (CE)			
	Breakdown by sector - NACE 4 digits level (code and label)	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		in million EUR	Of which environmentally sustainable (WTR)	in million EUR	Of which environmentally sustainable (WTR)	in million EUR	Of which environmentally sustainable (CE)	in million EUR	Of which environmentally sustainable (CE)
10	B06.10								
13	B09.10								
21	C19.20								
22	C20.11								
32	C20.15								
42	C26.11								
46	C29.10								
51	C30.30								
52	D35.11								
53	D35.12								
55	D35.13								
57	D35.14								
65	D35.21								
68	D35.22								
70	D35.30								
71	F41.20								
73	F42.11								
78	G46.75								
79	H49.50								
80	H50.20								
81	H51.10	0.06	0.00			0.06	0.00		
88	H52.10					17.61	0.00		
90	H52.23								
101	J61.20								
102	J61.90								
103	J62.01								
104	J62.09					490.25	0.00		

		q	r	s	t	u	v	w	x
					Pollution (PPC)				Biodiversity and Ecosystems (BIO)
	Breakdown by sector - NACE 4 digits level (code and label)	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		in million EUR	**Of which environmentally sustainable (PPC)**	**in million EUR**	**Of which environmentally sustainable (PPC)**	**in million EUR**	**Of which environmentally sustainable (BIO)**	**in million EUR**	**Of which environmentally sustainable (BIO)**
10	B06.10								
13	B09.10								
21	C19.20								
22	C20.11								
32	C20.15								
42	C26.11								
46	C29.10								
51	C30.30								
52	D35.11								
53	D35.12								
55	D35.13								
57	D35.14								
65	D35.21								
68	D35.22								
70	D35.30								
71	F41.20								
73	F42.11								
78	G46.75								
79	H49.50								
80	H50.20								
81	H51.10								
88	H52.10								
90	H52.23								
101	J61.20								
102	J61.90								
103	J62.01								
104	J62.09								

	Breakdown by sector - NACE 4 digits level (code and label)	y	z	aa	ab
					TOTAL (CCM + CCA + WMR + CE + P + BE)
		Non-Financial corporates (Subject to NFRD)			SMEs and other NFC not subject to NFRD
		[Gross] carrying amount			[Gross] carrying amount
		in million EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	in million EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
10	B06.10	66.01	0.02		
13	B09.10	125.45	9.91		
21	C19.20	30.24	0.29		
22	C20.11	0.00	0.00		
32	C20.15	0.00	0.00		
42	C26.11	0.01	0.00		
46	C29.10	5.52	1.99		
51	C30.30	0.06	0.00		
52	D35.11	276.01	136.41		
53	D35.12	0.04	0.04		
55	D35.13	7.08	0.18		
57	D35.14	110.90	110.89		
65	D35.21	0.03	0.01		
68	D35.22	15.03	0.38		
70	D35.30	75.29	0.00		
71	F41.20	0.02	0.00		
73	F42.11	0.02	0.00		
78	G46.75	50.61	26.16		
79	H49.50	0.12	0.06		
80	H50.20	25.04	0.00		
81	H51.10	0.06	0.02		
88	H52.10	17.61	0.00		
90	H52.23	112.22	30.66		
101	J61.20	0.02	0.00		
102	J61.90	185.03	0.00		
103	J62.01	100.46	36.89		
104	J62.09	490.25	119.57		

Table 3.1.: GAR KPI stock (Turnover)

		a	b	c	d	e	f	g	h	i
	% (compared to total covered assets in the denominator)									31.03.2025
				Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.89	1.94	0.73	0.53	0.24	1.02	0.56		0.00
2	Financial undertakings	2.48	0.52		0.23	0.02	0.97	0.56		0.00
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP									
6	Equity instruments									
7	Other financial corporations	2.48	0.52		0.23	0.02	0.97	0.56		0.00
8	of which investment firms	0.30	0.29			0.02				
9	Loans and advances	0.30	0.29			0.02				
10	Debt securities, including UoP									
11	Equity instruments									
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	of which insurance unertaking									
17	Loans and advances									
18	Debt securities, including UoP									
19	Equity instruments									
20	Non-financial undertakings	3.42	1.41	0.73	0.30	0.22	0.06	0.00		
21	Loans and advances	3.42	1.41	0.73	0.30	0.22	0.06	0.00		
22	Debt securities, including UoP									
23	Equity instruments									
24	Households									
25	of which loans collateralised by residential immovable property									
26	of which building renovation loans									
27	of which motor vehicle loans									
28	Local governments financing									
29	Housing financing									
30	Other local government financing									
31	Collateral obtained by taking possession: residential and commercial immovable properties									
32	Total GAR assets	5.89	1.94	0.73	0.53	0.24	1.02	0.56		

		j	k	l	m	n	o	p	q
	% (compared to total covered assets in the denominator)								31.03.2025
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00	0.00		0.00	0.73			
2	Financial undertakings	0.00	0.00		0.00	0.73			
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations	0.00	0.00		0.00	0.73			
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertaking								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	Non-financial undertakings	0.00	0.00			0.00			
21	Loans and advances	0.00	0.00			0.00			
22	Debt securities, including UoP								
23	Equity instruments								
24	Households								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	Local governments financing								
29	Housing financing								
30	Other local government financing								
31	Collateral obtained by taking possession: residential and commercial immovable properties								
32	Total GAR assets					0.73			

		r	s	t	u	v	w	x	z
	% (compared to total covered assets in the denominator)								31.03.2025
				Pollution (PPC)				Biodiversity and Ecosystems (BIO)	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation					0.00			
2	Financial undertakings								
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations								
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance unertaking								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	Non-financial undertakings					0.00			
21	Loans and advances					0.00			
22	Debt securities, including UoP								
23	Equity instruments								
24	Households								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	Local governments financing								
29	Housing financing								
30	Other local government financing								
31	Collateral obtained by taking possession: residential and commercial immovable properties								
32	Total GAR assets								

	% (compared to total covered assets in the denominator)	aa	ab	ac	ad	ae	af
							31.03.2025
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	7.65	2.50	0.73	0.53	0.24	10.71
2	Financial undertakings	4.18	1.08		0.23	0.02	4.10
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations	4.18	1.08		0.23	0.02	4.10
8	of which investment firms	0.30	0.29			0.02	0.40
9	Loans and advances	0.30	0.29			0.02	0.40
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertaking						0.00
17	Loans and advances						0.00
18	Debt securities, including UoP						
19	Equity instruments						
20	Non-financial undertakings	3.48	1.42	0.73	0.30	0.22	6.61
21	Loans and advances	3.48	1.42	0.73	0.30	0.22	6.61
22	Debt securities, including UoP						
23	Equity instruments						
24	Households						
25	of which loans collateralised by residential immovable property						
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local governments financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: residential and commercial immovable properties						
32	Total GAR assets	7.65	2.50	0.73	0.53	0.24	72.31

Table 3.2.: GAR KPI stock (Capex)

		a	b	c	d	e	f	g	h	i
	% (compared to total covered assets in the denominator)									31.03.2025
				Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)		
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - im Zähler und im Nenner erfasste Vermögenswerte										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	9.87	3.60	0.73	0.80	0.65	1.01	0.22		0.02
2	Financial undertakings	4.23	1.07		0.50	0.02	0.97	0.20		0.00
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP									
6	Equity instruments									
7	Other financial corporations	4.23	1.07		0.50	0.02	0.97	0.20		0.00
8	of which investment firms	0.55	0.55			0.02				
9	Loans and advances	0.55	0.55			0.02				
10	Debt securities, including UoP									
11	Equity instruments									
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	of which insurance undertaking									
17	Loans and advances									
18	Debt securities, including UoP									
19	Equity instruments									
20	Non-financial undertakings	5.64	2.54	0.73	0.30	0.63	0.04	0.02		0.02
21	Loans and advances	5.64	2.54	0.73	0.30	0.63	0.04	0.02		0.02
22	Debt securities, including UoP									
23	Equity instruments									
24	Households									
25	of which loans collateralised by residential immovable property									
26	of which building renovation loans									
27	of which motor vehicle loans									
28	Local governments financing									
29	Housing financing									
30	Other local government financing									
31	Collateral obtained by taking possession: residential and commercial immovable properties									
32	Total GAR assets	9.87	3.60	0.73	0.80	0.65	1.01	0.22	0.02	

		j	k	l	m	n	o	p	q
	% (compared to total covered assets in the denominator)								31.03.2025
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.67				0.67			
2	Financial undertakings	0.62				0.62			
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations	0.62				0.62			
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertaking								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	Non-financial undertakings	0.05				0.05			
21	Loans and advances	0.05				0.05			
22	Debt securities, including UoP								
23	Equity instruments								
24	Households								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	Local governments financing								
29	Housing financing								
30	Other local government financing								
31	Collateral obtained by taking possession: residential and commercial immovable properties								
32	Total GAR assets	0.67				0.67			

		r	s	t	u	v	w	x	z
	% (compared to total covered assets in the denominator)								31.03.2025
				Pollution (PPC)				Biodiversity and Ecosystems (BIO)	
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00							
2	Financial undertakings								
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations								
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertaking								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	Non-financial undertakings	0.00							
21	Loans and advances	0.00							
22	Debt securities, including UoP								
23	Equity instruments								
24	Households								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	Local governments financing								
29	Housing financing								
30	Other local government financing								
31	Collateral obtained by taking possession: residential and commercial immovable properties								
32	Total GAR assets								

	% (compared to total covered assets in the denominator)	aa	ab	ac	ad	ae	af
							31.03.2025
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	12.21	3.83	0.73	0.80	0.67	10.71
2	Financial undertakings	6.43	1.27		0.50	0.02	4.10
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations	6.43	1.27		0.50	0.02	4.10
8	of which investment firms	0.55	0.55			0.02	0.40
9	Loans and advances	0.55	0.55			0.02	0.40
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertaking						0.00
17	Loans and advances						0.00
18	Debt securities, including UoP						
19	Equity instruments						
20	Non-financial undertakings	5.78	2.56	0.73	0.30	0.65	6.61
21	Loans and advances	5.78	2.56	0.73	0.30	0.65	6.61
22	Debt securities, including UoP						
23	Equity instruments						
24	Households						
25	of which loans collateralised by residential immovable property						
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local governments financing						
29	Housing financing						
30	Other local government financing						
31	Collateral obtained by taking possession: residential and commercial immovable properties						
32	Total GAR assets	12.21	3.83	0.73	0.80	0.67	72.31

Table 4.1.: GAR KPI flow (Turnover KPIs)

	% (compared to flow of total eligible assets)	a	b	c	d	e	f	g	h	i
										31.03.2025
					Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	1.44	0.00		0.00	0.00	1.42	0.82		0.00
2	Financial undertakings	1.42	0.00			0.00	1.42	0.82		
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP									
6	Equity instruments									
7	Other financial corporations	1.42	0.00			0.00	1.42	0.82		
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP									
11	Equity instruments									
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	of which insurance undertakings									
17	Loans and advances									
18	Debt securities, including UoP									
19	Equity instruments									
20	Non-financial undertakings	0.02	0.00		0.00	0.00	0.00	0.00		0.00
21	Loans and advances	0.02	0.00		0.00	0.00	0.00	0.00		0.00
22	Debt securities, including UoP									
23	Equity instruments									
24	Households									
25	of which loans collateralised by residential immovable property									
26	of which building renovation loans									
27	of which motor vehicle loans									
28	Local governments financing									
29	Housing financing									
30	Other local governments financing									
31	Collateral obtained by taking possession: residential and commercial immovable properties									
32	Total GAR assets	1.44					1.42	0.82		

	% (compared to flow of total eligible assets)	j	k	l	m	n	o	p	q
									31.03.2025
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.00	0.00			0.16			
2	Financial undertakings					0.16			
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations					0.16			
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	Non-financial undertakings	0.00	0.00			0.00			
21	Loans and advances	0.00	0.00			0.00			
22	Debt securities, including UoP								
23	Equity instruments								
24	Households								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	Local governments financing								
29	Housing financing								
30	Other local governments financing								
31	Collateral obtained by taking possession: residential and commercial immovable properties								
32	Total GAR assets					0.16			

	r	s	t	u	v	w	x	z
% (compared to flow of total eligible assets)								31.03.2025
			Pollution (PPC)					Biodiversity and Ecosystems (BIO)
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
			Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation								
2 Financial undertakings								
3 Credit institutions								
4 Loans and advances								
5 Debt securities, including UoP								
6 Equity instruments								
7 Other financial corporations								
8 of which investment firms								
9 Loans and advances								
10 Debt securities, including UoP								
11 Equity instruments								
12 of which management companies								
13 Loans and advances								
14 Debt securities, including UoP								
15 Equity instruments								
16 of which insurance undertakings								
17 Loans and advances								
18 Debt securities, including UoP								
19 Equity instruments								
20 Non-financial undertakings								
21 Loans and advances								
22 Debt securities, including UoP								
23 Equity instruments								
24 Households								
25 of which loans collateralised by residential immovable property								
26 of which building renovation loans								
27 of which motor vehicle loans								
28 Local governments financing								
29 Housing financing								
30 Other local governments financing								
31 Collateral obtained by taking possession: residential and commercial immovable properties								
32 Total GAR assets								

	% (compared to flow of total eligible assets)	aa	ab	ac	ad	ae	af
							31.03.2025
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3.02	0.83		0.00	0.00	2.62
2	Financial undertakings	3.00	0.82			0.00	2.31
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations	3.00	0.82			0.00	2.31
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	Non-financial undertakings	0.02	0.00		0.00	0.00	0.30
21	Loans and advances	0.02	0.00		0.00	0.00	0.30
22	Debt securities, including UoP						
23	Equity instruments						
24	Households						
25	of which loans collateralised by residential immovable property						
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local governments financing						
29	Housing financing						
30	Other local governments financing						
31	Collateral obtained by taking possession: residential and commercial immovable properties						
32	Total GAR assets	3.02	0.83				2.62

Table 4.2.: GAR KPI flow (Capex KPIs)

		a	b	c	d	e	f	g	h	i
	% (compared to flow of total eligible assets)									31.03.2025
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.30	0.02		0.00	0.00	1.42	0.30		0.00
2	Financial undertakings	2.26	0.00			0.00	1.42	0.30		
3	Credit institutions									
4	Loans and advances									
5	Debt securities, including UoP									
6	Equity instruments									
7	Other financial corporations	2.26	0.00			0.00	1.42	0.30		
8	of which investment firms									
9	Loans and advances									
10	Debt securities, including UoP									
11	Equity instruments									
12	of which management companies									
13	Loans and advances									
14	Debt securities, including UoP									
15	Equity instruments									
16	of which insurance undertakings									
17	Loans and advances									
18	Debt securities, including UoP									
19	Equity instruments									
20	Non-financial undertakings	0.03	0.02		0.00	0.00	0.00	0.00		0.00
21	Loans and advances	0.03	0.02		0.00	0.00	0.00	0.00		0.00
22	Debt securities, including UoP									
23	Equity instruments									
24	Households									
25	of which loans collateralised by residential immovable property									
26	of which building renovation loans									
27	of which motor vehicle loans									
28	Local governments financing									
29	Housing financing									
30	Other local governments financing									
31	Collateral obtained by taking possession: residential and commercial immovable properties									
32	Total GAR assets	2.30	0.02				1.42	0.30		

		j	k	l	m	n	o	p	q
	% (compared to flow of total eligible assets)								31.03.2025
		Water and marine resources (WTR)				Circular economy (CE)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator									
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.91				0.91			
2	Financial undertakings	0.91				0.91			
3	Credit institutions								
4	Loans and advances								
5	Debt securities, including UoP								
6	Equity instruments								
7	Other financial corporations	0.91				0.91			
8	of which investment firms								
9	Loans and advances								
10	Debt securities, including UoP								
11	Equity instruments								
12	of which management companies								
13	Loans and advances								
14	Debt securities, including UoP								
15	Equity instruments								
16	of which insurance undertakings								
17	Loans and advances								
18	Debt securities, including UoP								
19	Equity instruments								
20	Non-financial undertakings	0.00				0.00			
21	Loans and advances	0.00				0.00			
22	Debt securities, including UoP								
23	Equity instruments								
24	Households								
25	of which loans collateralised by residential immovable property								
26	of which building renovation loans								
27	of which motor vehicle loans								
28	Local governments financing								
29	Housing financing								
30	Other local governments financing								
31	Collateral obtained by taking possession: residential and commercial immovable properties								
32	Total GAR assets	0.91				0.91			

	r	s	t	u	v	w	x	z
% (compared to flow of total eligible assets)								31.03.2025
			Pollution (PPC)					Biodiversity and Ecosystems (BIO)
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
			Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
GAR - Covered assets in both numerator and denominator								
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation								
2 Financial undertakings								
3 Credit institutions								
4 Loans and advances								
5 Debt securities, including UoP								
6 Equity instruments								
7 Other financial corporations								
8 of which investment firms								
9 Loans and advances								
10 Debt securities, including UoP								
11 Equity instruments								
12 of which management companies								
13 Loans and advances								
14 Debt securities, including UoP								
15 Equity instruments								
16 of which insurance undertakings								
17 Loans and advances								
18 Debt securities, including UoP								
19 Equity instruments								
20 Non-financial undertakings								
21 Loans and advances								
22 Debt securities, including UoP								
23 Equity instruments								
24 Households								
25 of which loans collateralised by residential immovable property								
26 of which building renovation loans								
27 of which motor vehicle loans								
28 Local governments financing								
29 Housing financing								
30 Other local governments financing								
31 Collateral obtained by taking possession: residential and commercial immovable properties								
32 Total GAR assets								

		aa	ab	ac	ad	ae	af
	% (compared to flow of total eligible assets)						31.03.2025
		TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					
				Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator						
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	5.53	0.32		0.00	0.00	2.62
2	Financial undertakings	5.50	0.30			0.00	2.31
3	Credit institutions						
4	Loans and advances						
5	Debt securities, including UoP						
6	Equity instruments						
7	Other financial corporations	5.50	0.30			0.00	2.31
8	of which investment firms						
9	Loans and advances						
10	Debt securities, including UoP						
11	Equity instruments						
12	of which management companies						
13	Loans and advances						
14	Debt securities, including UoP						
15	Equity instruments						
16	of which insurance undertakings						
17	Loans and advances						
18	Debt securities, including UoP						
19	Equity instruments						
20	Non-financial undertakings	0.03	0.02		0.00	0.00	0.30
21	Loans and advances	0.03	0.02		0.00	0.00	0.30
22	Debt securities, including UoP						
23	Equity instruments						
24	Households						
25	of which loans collateralised by residential immovable property						
26	of which building renovation loans						
27	of which motor vehicle loans						
28	Local governments financing						
29	Housing financing						
30	Other local governments financing						
31	Collateral obtained by taking possession: residential and commercial immovable properties						
32	Total GAR assets	5.53	0.32				2.62

Table 5.1.: KPI off-balance sheet exposures (Turnover KPIs stock)

		a	b	c	d	e	f	g	h	i
	% (compared to total eligible off-balance sheet assets)									31.03.2025
						Disclose stock KPIs				Disclose stock KPIs
						Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	29.85	8.54		0.86	2.27	0.54			
2	Assets under management (AuM KPI)									

		j	k	l	m	n	o	p	q
	% (compared to total eligible off-balance sheet assets)								31.03.2025
					Disclose stock KPIs				Disclose stock KPIs
					Water and marine resources (WTR)				Circular economy (CE)
					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
					Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.00	0.00			2.05			
2	Assets under management (AuM KPI)								

		r	s	t	u	v	w	x	z
	% (compared to total eligible off-balance sheet assets)								31.03.2025
					Disclose stock KPIs				Disclose stock KPIs
					Pollution (PPC)				Biodiversity and Ecosystems (BIO)
					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
					Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)								
2	Assets under management (AuM KPI)								

		aa	ab	ac	ad	ae
	% (compared to total eligible off-balance sheet assets)					31.03.2025
						Disclose stock KPIs
						TOTAL (CCM + CCA + WTR + CE + PPC + BIO)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	32.45	8.54		0.86	2.27
2	Assets under management (AuM KPI)					

Table 5.2.: KPI off-balance sheet exposures (Capex KPIs stock)

		a	b	c	d	e	f	g	h	i
	% (compared to total eligible off-balance sheet assets)									31.03.2025
					Disclose stock KPIs					Disclose stock KPIs
					Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	42.66	16.90		1.86	4.28	0.97	0.03		
2	Assets under management (AuM KPI)									

		j	k	l	m	n	o	p	q
	% (compared to total eligible off-balance sheet assets)								31.03.2025
				Disclose stock KPIs					Disclose stock KPIs
				Water and marine resources (WTR)					Circular economy (CE)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	1.09				1.09			
2	Assets under management (AuM KPI)								

		r	s	t	u	v	w	x	z
	% (compared to total eligible off-balance sheet assets)								31.03.2025
				Disclose stock KPIs					Disclose stock KPIs
				Pollution (PPC)					Biodiversity and Ecosystems (BIO)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant secotrs (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)								
2	Assets under management (AuM KPI)								

		aa	ab	ac	ad	ae
	% (compared to total eligible off-balance sheet assets)					31.03.2025
						Disclose stock KPIs
						TOTAL (CCM + CCA + WTR + CE + PPC + BIO)
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	45.82	16.93		1.86	4.28
2	Assets under management (AuM KPI)					

Template 1.: Nuclear and fossil gas related activities - Capex KPIs

Row	Activities in the Field of Nuclear Energy	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	yes
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	yes
Row	**Activities in the Field of Fossil Gas**	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

Meldebogen 1.: Tätigkeiten in den Bereichen Kernenergie und fossiles Gas - Umsatz KPIs

Row	Activities in the Field of Nuclear Energy	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	yes
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	yes
Row	**Activities in the Field of Fossil Gas**	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	yes
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

Template 2: taxonomy-aligned economic activities (denominator) - Capex KPIs

in million EUR				Amount and proportion (the information is to be presented in monetary amounts and as percentages)			
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	12.29	0.07	12.29	0.07		
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	37.04	0.20	36.66	0.20	0.38	0.00
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.19	0.00	0.19	0.00		
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.15	0.00	0.15	0.00		
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	659.13	3.56	618.39	3.34	40.74	0.22
8	**Total applicable KPI**	708.80	3.83	667.69	3.60	41.11	0.22

Template 2: taxonomy-aligned economic activities (denominator) - Turnover KPIs

	in million EUR	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
			CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00		
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	48.92	0.26	48.92	0.26		
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.09	0.00	0.09	0.00		
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00		
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	414.12	2.23	309.71	1.67	104.41	0.56
8	**Total applicable KPI**	463.13	2.50	358.71	1.94	104.41	0.56

Template 3: Taxonomy-aligned economic activities (numerator) - Capex KPIs

	in million EUR	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	12.29	1.73	12.29	73.00		
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	37.04	5.23	36.66	5.17	0.38	0.05
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.19	0.03	0.19	0.03		
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.15	0.02	0.15	0.03		
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	659.13	92.99	618.39	87.24	40.74	5.75
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	708.80	100.00	667.69	94.20	41.11	5.80

Template 3: Taxonomy-aligned economic activities (numerator) - Turnover KPIs

in million EUR		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00		
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	48.92	10.56	48.92	10.56		
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.09	0.02	0.09	0.02		
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0.00	0.00	0.00	0.00		
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI						
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	414.12	89.42	309.71	66.87	104.41	22.55
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	463.13	100.00	358.71	77.45	104.41	22.55

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Capex KPIs

in million EUR		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00		
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00		
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00	0.00	0.00		
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	1,306.69	7.05	1,161.32	6.27	145.37	0.78
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	1,306.69	7.05	1,161.32	6.27	145.37	0.78

Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities - Turnover KPIs

in million EUR		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
Row	**Economic activities**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.03	0.00	0.03	0.00		
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6.89	0.04	6.89	0.04		
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.15	0.00	0.15	0.00		
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI						
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	811.97	4.38	726.46	3.92	85.51	0.46
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	819.04	4.42	733.53	3.96	85.51	0.46

Template 5: Taxonomy non-eligible economic activities - Capex KPIs

		0010	0020
Row	**Economic activity**	**Amount**	**%**
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
7	**Amount and proportion of other taxonomy-noneligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	18,219.63	98.33
8	**Total amount and proportion of taxonomy-noneligible economic activities in the denominator of the applicable KPI**	18,219.63	98.33

Template 5: Taxonomy non-eligible economic activities - Turnover KPIs

		0010	0020
Row	**Economic activity**	**Amount**	**%**
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.00	0.00
7	**Amount and proportion of other taxonomy-noneligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	18,339.64	98.98
8	**Total amount and proportion of taxonomy-noneligible economic activities in the denominator of the applicable KPI**	18,339.64	98.98

IX. Additional Disclosures

1. Final Declaration on the Dependency Report in Accordance with Section 312 (3) Sentence 3 AktG

The entire share capital of SMBC Bank EU AG is held by Sumitomo Mitsui Banking Corporation, Tokyo, Japan; SMBC Bank EU AG is therefore a dependent company within the meaning of Section 17 (1) AktG. There is no control or profit/loss transfer agreement between SMBC Bank EU AG and SMBC Tokyo. The Executive Board of SMBC Bank EU AG needs to prepare a dependency report on the Company's relationships with affiliated companies in accordance with Section 312 AktG.

The report issued in this respect concludes with the following statement: "The Management Board declares that SMBC Bank EU AG has received appropriate consideration for each legal transaction with the controlling or other affiliated company in accordance with the circumstances known at the time when the transactions were carried out. No further measures have been taken or omitted which would have been detrimental to SMBC Bank EU AG."

2. Assurance of the Legal Representatives

We hereby confirm that, to the best of our knowledge, the SMBC EU Group's financial statements give a true and fair view of the assets, liabilities, financial position, liquidity and financial performance of the SMBC EU Group in accordance with applicable financial reporting standards, and that the combined group management report gives a true and fair view of the SMBC EU Group's business development, and also describes significant opportunities and risks related to the SMBC EU Group's anticipated development for the remaining part of the financial year.

Frankfurt am Main, 30 Juli 2025

SMBC Bank EU AG
Frankfurt am Main

Executive Board

Naoki Okubo

Stanislas Roger

Yosuke Uemura

Dr. Niklas Dieterich

Isabelle Saadjian

Consolidated Statement of Comprehensive Income
For the period from April 1, 2024 to March 31, 2025

EUR	Notes	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Interest income[11,12]	V.1	**1,062,189,045.61**	930,810,913.91
Interest expenses	V.1	**(646,313,459.13)**	(575,145,534.36)
Net interest income		**415,875,586.48**	355,665,379.55
Fees and commission income	V.2	**198,262,813.95**	173,974,759.99
Fees and commission expense	V.2	**(97,144,619.60)**	(90,933,535.09)
Net fees and commissions income		**101,118,194.35**	83,041,224.90
Income from FVPL financial instruments	V.3	**29,623,630.52**	49,422,758.92
Result from hedging relationships	V.4	**(3,801,072.78)**	1,649,502.58
Other operating income	V.5	**16,291,525.65**	24,815,417.33
Operating income		**559,107,864.22**	514,594,283.28
General administrative expenses	V.6	**(218,706,655.88)**	(208,217,961.23)
Net result from the derecognition of financial assets measured at AC	V.7	**(66,997.51)**	1,541,803.16
Depreciation and amortisation	V.8	**(4,875,012.71)**	(3,630,054.66)
Other operating expenses	V.9	**(1,648,410.95)**	(884,951.00)
Risk provision	V.10	**(2,188,636.34)**	(42,962,649.93)
Profit before income tax		**331,622,150.83**	260,440,469.62
Income tax charge	V.11	**(101,684,419.68)**	(87,070,993.03)
Profit for the year		**229,937,731.15**	173,369,476.59
Allocations to statutory reserves		**(12,849,881.90)**	(10,350,326.04)
Net profit		**217,087,849.25**	163,019,150.55
Other comprehensive income			
Items that will never be reclassified to profit and loss		**–**	–
Items that will be reclassified to profit and loss		**2,033,677.54**	1,700,815.54
Change in fair value of financial assets measured at FVOCI		**2,775,006.29**	2,263,200.45
Related tax		**(741,328.75)**	(562,384.91)
Total other comprehensive income		**2,033,677.54**	1,700,815.54
Total comprehensive income for the year		**231,971,408.69**	175,070,292.13

11 All interest income was calculated using the effective interest rate method.
12 Interest income mainly relates to interest recognised on financial assets measured at amortised cost.

The notes on pages 123 to 172 are an integral part of these financial statements.

Consolidated Statement of Financial Position As of March 31, 2025

EUR	Notes	31.03.2025	31.03.2024
Assets			
Cash	IV.1	**113,781,108.35**	161,792,836.64
Receivables to banks	IV.2	**10,594,660,531.02**	9,463,401,463.60
Receivables to customers	IV.2	**13,449,677,429.04**	11,809,046,516.06
Derivative Assets: Hedge Accounting	IV.5	**25,233,170.28**	55,051,951.83
Trading Assets	IV.4	**983,276,326.05**	1,265,932,184.16
Investment and Liquidity Securities	IV.3	**195,333,578.07**	202,429,197.93
Equity Instruments		**–**	–
Property and equipment	IV.6	**21,875,224.58**	15,945,303.82
Intangible assets and goodwill	IV.6	**2,193,212.47**	1,921,605.10
Income Tax Assets	IV.7	**29,920,029.33**	12,999,876.19
Deferred Tax Assets	IV.8	**83,386,832.77**	77,594,712.21
Other Assets	IV.9	**71,679,471.79**	62,563,620.83
Total assets		**25,571,016,913.75**	23,128,679,268.37
Liabilities			
Liabilities to banks	IV.10	**7,063,750,670.95**	4,585,881,741.12
Liabilities to customers	IV.11	**11,165,448,280.43**	11,539,043,272.21
Securitized Liabilities	IV.12	**393,344,793.97**	–
Derivative Liabilities: Hedge Accounting	IV.5	**14,461,270.02**	2,817,918.29
Trading Liabilities	IV.4	**960,277,515.43**	1,251,367,716.55
Provisions	IV.13	**18,691,283.51**	37,046,696.81
Income Tax Liabilities	IV.7	**32,484,966.27**	42,026,304.92
Deferred Tax Liabilities	IV.8	**21,709,436.72**	28,359,146.19
Other Liabilities	IV.14	**228,198,222.83**	201,457,790.07
Total liabilities		**19,898,366,440.13**	17,688,000,586.16
Shareholders' equity			
Subscribed capital	IV.15	**5,100,000,000.00**	5,100,000,000.00
Capital reserves	IV.15	**69,723,622.57**	69,723,622.57
Legal reserves	IV.15	**23,871,850.40**	10,900,000.00
Reserves from retained earnings	IV.15	**471,849,862.36**	258,354,244.10
Other reserves	IV.15	**7,205,138.29**	1,700,815.54
Total equity		**5,672,650,473.62**	5,440,678,682.21
Total liabilities and equity		**25,571,016,913.75**	23,128,679,268.37

The notes on pages 123 to 172 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity As of March 31, 2025

EUR	Share capital	Retained earnings	Legal reserve	Capital redemption	Fair value reserve	**Total**
Balance as of 1 April 2024	5,100,000,000	258,354,244	10,900,000	69,723,623	1,700,816	**5,440,678,682**
Total comprehensive income for the year						
Net profit for the period	–	229,937,731	–	–	–	**229,937,731**
Other comprehensive income, net of tax	–	–	–	–	–	**–**
Net gains/(losses) transferred to net profit	–	–	–	–	–	**–**
Actuarial gain/(loss) on defined benefit scheme	–	–	–	–	–	**–**
Change in fair value of assets classified as fair value through other comprehensive income (FVOCI)	–	–	–	–	2,033,678	**2,033,678**
Effective portion of changes in fair value	–	–	–	–	–	**–**
Effect of changes in tax rate	–	–	–	–	–	**–**
Other changes	–	(16,442,113)	12.971,850	–	3,470,645	**383**
Balance as of 31 March 2025	5,100,000,000	471,849,862	23,871,850	69,723,623	7,205,138	**5,672,650,474**
Balance as of 1 April 2023	5,100,000,000	27,427,096	549,674	69,723,623	–	**5,197,700,393**
Total comprehensive income for the year						
Net profit for the period	–	163,019,151	–	–	–	**163,019,151**
Other comprehensive income, net of tax	–	–	–	–	–	**–**
Net gains/(losses) transferred to net profit	–	–	–	–	–	**–**
Actuarial gain/(loss) on defined benefit scheme	–	–	–	–	–	**–**
Change in fair value of assets classified as fair value through other comprehensive income (FVOCI)	–	–	–	–	1,700,816	**1,700,816**
Effective portion of changes in fair value	–	–	–	–	–	**–**
Effect of changes in tax rate	–	–	–	–	–	**–**
Other changes	–	67,907,998	10,350,326	–	–	**78,258,324**
Balance as of 31 March 2024	5,100,000,000	258,354,244	10,900,000	69,723,623	1,700,816	**5,440,678,682**

The notes on pages 123 to 172 are an integral part of these financial statements.

Consolidated Statement of Cash Flows
As of 31 March 2025

EUR	Notes	2025	2024
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit for the year before tax		**331,622,151**	260,440,470
Adjustments for non-cash items:			
Net impairment loss on financial assets		**(3,486,006)**	42,962,650
Gain/loss on sale of investments		**–**	17,777
Gain/loss on sale of tangible assets		**2,476**	575
Other non cash items on non operating assets and liabilities		**25,678,699**	(1,503,541)
Depreciation and amortisation		**4,875,013**	3,630,055
Changes in operating assets and liabilities:			
Changes in receivables to banks		**(742,620,357)**	(7,172,638)
Changes in receivables to customers		**(1,509,311,907)**	(3,914,534,410)
Changes in derivative financial instruments		**41,521,668**	37,744,241
Changes in other assets		**(12,506,995)**	6,528,329
Changes in liabilities to banks		**2,431,362,583**	2,169,052,373
Changes in liabilities to customers		**(312,550,713)**	2,732,444,350
Net decrease/(increase) in trading portfolio assets		**273,990,768**	(52,411,478)
Net increase in trading portfolio liabilities		**(282,484,646)**	38,839,516
Change in collateral placed/received		**(121,993,234)**	(246,682,236)
Changes in other liabilities		**21,976,796**	60,879,304
Taxes paid		**(136,423,347)**	(117,299,375)
Net cash from/(used in) operating activities		**9,652,948**	1,012,935,962
Purchase of investment securities		**(306,092,536)**	(314,431,214)
Proceeds from sale or redemption of investment securities		**288,438,576**	362,692,245
Purchase of controlling interest		**–**	(84,900,000)
Cash and cash equivalent on subsidarisation		**–**	423,970,414
Purchase of intangible assets		**(1,286,544)**	(1,307,197)
Proceeds from the sale of intangible assets		**–**	–
Purchase of property and equipment		**(10,578,425)**	(1,974,638)
Proceeds from sale of property and equipment		**6,385**	4,203
Net cash used in investing activities		**(29,512,543)**	384,053,813
Cash flow from financing activities			
Payment of lease liabilities		**(2,694,598)**	(2,277,211)
Proceeds from issue of debt securities		**1,053,139,300**	–
Repayment of debt securities		**(656,674,923)**	–
Net cash from financing activities		**393,769,780**	(2,277,211)
Net decrease in cash and cash equivalents		**373,910,184**	1,394,712,563
Cash and cash equivalents at start of the year		**9,070,757,855**	7,676,045,292
Exchange differences in respect of cash and cash equivalents		**(667,295)**	–
Cash and cash equivalents as of 31 March		**9,444,000,744**	9,070,757,855
Cash and cash equivalents comprise:			
Cash and balances at central banks		**113,781,108**	161,792,837
Cash and balances at other bank		**9,330,219,636**	8,908,965,019
		9,444,000,744	9,070,757,855

The notes on pages 123 to 172 are an integral part of these financial statements.

Notes to the Financial Statements As of 31 March 2025

I. Reporting Entity

SMBC Bank EU AG (the "Bank", together with its subsidiary referred to as "the SMBC EU Group"), registered in the commercial register of the Frankfurt District Court under number 110214, is a public limited company registered in Frankfurt-Main with branches in Amsterdam, Dublin, Düsseldorf, Madrid, Milan, Paris and Prague.

The SMBC EU Group offers a wide range of wholesale banking products, including: bilateral loans, syndicated loans, project finance, aircraft finance, shipping finance, trade finance, other asset finance, cash management, money markets, foreign exchange. As a provider of integrated financial and investment banking solutions, the SMBC EU Group also offers its clients capital market products and derivative financial instruments. Furthermore, it acts as intermediate EU parent undertaking (IPU) of its subsidiary located in Luxemburg. The registered office is at Main Tower, Neue Mainzer Str. 52-58, 60311 Frankfurt am Main.

SMBC Bank EU AG acquired 100% of the voting rights of SMBC Nikko Bank (Luxembourg) S.A. (SNBL) on 30 May 2023. SNBL was previously a wholly-owned subsidiary of SMBC Nikko Securities, Inc. (SMBC Nikko (Japan)). SNBL is a custodian bank and operates banking business with a focus on fund services.

The financial year of SMBC EU is defined as the period from 1 April to 31 March of the following calendar year.

The parent company of SMBC EU is Sumitomo Mitsui Banking Corporation, Tokyo, Japan (SMBC Tokyo). SMBC Tokyo is in turn included in the consolidated financial statements of Sumitomo Mitsui Financial Group, Tokyo/Japan (SMFG). The consolidated financial statement of SMFG is available at the following link:

https://www.smfg.co.jp/english/investor/financial/disclosure.html#link2025

II. Basis of Preparation

1. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), which have also been endorsed by the European Union (EU), and also take into account the requirements of section 315a/315e of German GAAP.

2. Basis of Measurement

The consolidated financial statements of the SMBC EU Group prepared on a going concern basis and under the historical cost convention as modified by the revaluation of investments, derivatives and other financial instruments, in accordance with applicable accounting standards.

The Executive Board believes that the SMBC EU Group has adequate financial resources and is well placed to manage its business risks successfully despite the current uncertain outlook for the global economy and the banking sector. In addition, the Executive Board believes the SMBC EU Group is capable of continuing its operations and meeting its obligations in the current economic environment, taking into account significant risks, for a period of at least 12 months from the date of approval of these consolidated financial statements.

In making this assessment, the Executive Board has considered a wide range of detailed information relating to present and future conditions, including projections of profitability, liquidity and capital requirements and resources. The Executive Board has identified the principal risks currently facing the SMBC EU Group as those stemming from a potential recession triggered by trade tensions resulting from U.S. tariff policies, the ongoing Russia-Ukraine conflict, heightened geopolitical tensions in the Middle East, and persistently high inflation. While these are considered the most significant, other risks are also taken into account. This belief is based on consideration of a wide range of information including:

- the results of the SMBC EU Group's three-year liquidity planning assessment;
- the results of the SMBC EU Group's three-year capital planning assessment; and
- the results of the SMBC EU Group's capital and liquidity stress testing.

The economic scenarios for the capital stress are:

- **Global recession:** The US introduces steep tariffs on imports from all countries which sparks a trade war and reduced export income across the Eurozone. The Russia-Ukraine and Middle East conflicts escalate, causing natural resource prices to increase which generates a surge in inflation and equity prices collapse. Central banks hike interest rates significantly in response. A Global recession ensues.
- **EU recession:** The Russia-Ukraine conflict escalates, drawing in neighbouring countries such as Belarus and causing a surge in inflation due to increased natural resource prices. Political instability spreads across Europe and fears that Article 50 could be invoked emerge. European equity markets fall significantly, and a Deep recession affects the Eurozone driven by a cost of living crisis, with Spain, Italy, France and Belgium suffering large budget deficits and credit rating downgrades.
- **Net Zero Scenario:** Countries align with the 1.5 degrees target, and strict regulations and carbon pricing are implemented. Investment is reallocated as carbon prices surge, with governments stepping in to support the transition, financed by carbon revenues. Companies reallocate capital resources to climate-aligned assets. Demand for low-carbon technologies and climate-aligned capital investment increases. Meanwhile, carbon-intensive sectors face elevated uncertainty due to shifting investor sentiment, tightening regulation and reduced capital access. Energy prices increase as countries transition away from fossil fuels, contributing to short-term inflationary pressures and negatively affecting employment levels in vulnerable sectors. Physical risks further compound these challenges through demand and productivity shocks, leading to pressure on economic output. GDP slows temporarily.

The economic scenarios for the liquidity stress included:

Global Market Scenario: An initial shock happens throughout the financial sector around the globe, bringing liquidity of all participants into question. Funding markets dry up due to uncertainty of counterparties and customers draw on committed lines. Throughout the stress period, rollover of unsecured wholesale funds is significantly reduced and thus, the ability to raise incremental funding. Banks suffer credit rating downgrade.

- **SMBC Group idiosyncratic stress:** The market perceives SMBC EU Group as experiencing increased credit risk or concerns over solvency. SMBC EU Group's credit ratings are downgraded, and counterparties reduce credit lines to SMBC EU Group. SMBC EU Group is unable to fully rollover wholesale funding.
- **Combined stress:** Macroeconomic shock affecting our customers, combined with a major idiosyncratic event where the market perceives SMBC Group to be experiencing increased credit risk or concerns over solvency. The Combined stress scenario aims the combining of the worst-case assumptions from the idiosyncratic and the worst of both market wide scenarios

The liquidity and capital assessments and the stress tests have shown that the SMBC EU Group remains well funded and is still able to continue its business activities.

Based on the above, the Executive Board concludes that the SMBC EU Group has sufficient resources to continue its operations for a period of at least 12 months from the date of these financial statements and that the financial statements can be prepared on a going concern basis.

3. Functional and Presentation Currency

These group financial statements are presented in euro, which is also the SMBC EU Group's functional currency. Euro is the SMBC EU Group's functional currency as it is the dominant operating currency of the SMBC EU Group's business. Unless otherwise indicated, all amounts are stated in thousands of euros (KEUR). Due to rounding, in individual cases it is possible that individual figures do not add up exactly to the total stated. Minor deviations may occur in the totals and percentages due to rounding.

4. Adoption of IFRS

New and amended standards and interpretations

There are no new or amended standards that became effective in this fiscal year, that SMBC has applied for the first time.

Future accounting standards

The following new or amended standards and interpretations, which have been issued and must be applied in future financial years have not been implemented early and are not expected to have a significant impact on the SMBC EU Bank EU AG:

- IFRS 18 (Presentation and Disclosure in Financial Statements)
- IFRS 19 (Subsidiaries without Public Accountability
- Amendment to IAS 21 (The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability)
- Amendments to IFRS 9 and IFRS 7 (Contracts Referencing Nature-dependent Electricity
- Amendments to IFRS 9 and IFRS 7 (Classification and Measurement of Financial Instruments

The following new standard which has been issued and must be applied in future financial years has not been implemented early and might have an impact on the disclosure format of the SMBC EU Bank EU AG financial statements

- IFRS 18 (Presentation and Disclosure in Financial Statements): This standard introduces mandatory subtotals in the statement of profit or loss, prescribes disclosure of management-defined performance measures, and refines aggregation and disaggregation principles to enhance comparability

5. Significant Accounting Judgements and Estimates

The preparation of the consolidated financial statements of the SMBC EU Group in accordance with IFRS Accounting Standards involves the use of assumptions and estimates and requires discretionary decisions by management in the application of accounting policies. In the following cases, discretionary decisions, assumptions and estimates were used that have an impact on the disclosure:

Impairment losses on receivables and undrawn loan commitments (note VI.3)

IFRS 9 impairment involves several areas of judgement as follows:

- Definition of the criteria for determining as to whether the default risk of the financial asset has increased significantly since initial recognition.
- Selection and approval of models for estimating the ECL, including determining the relevant risk parameters, determining relevant scenarios by type and scope, including consideration of interdependencies and the corresponding scenario weights.
- Determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- Considerations and calculations of impairment allowances for individually significant assets in Stage 3 (see below).

The SMBC EU Group reviews its problem assets held at amortised cost at each reporting date to assess whether an allowance for credit impairment should be recorded in profit and loss. In determining the ECL, management is required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The exercise of judgement in making estimations requires the use of assumptions that are highly subjective and sensitive to the risk factors. Further information and sensitivity analysis of ECL to different economic scenarios is provided in note VI.3.

In addition to the impairment allowances for credit-impaired loans (stage 3), the SMBC EU Group also recognizes impairment allowances for assets on the basis of 12-month ECLs (Stage 1) and on assets subject to a significant increase in credit risk based on lifetime ECLs (Stage 2).

Fair value of financial instruments (note VI.4)

Where the prices of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from markets where valuations are actively quoted, they are determined using a variety of valuation techniques that include use of mathematical models. Where possible, the input for these models is derived from observable market data relating to relevant instruments traded on an active market. If such a market does not exist, depending on the price transparency of the instrument or market and the complexity of the instrument, a certain degree of management judgment is required when determining the fair value.

III. Significant Accounting Policies

This section describes the SMBC EU Group's significant accounting policies that relate to the consolidated financial statements and the notes as a whole. If an accounting policy relates to a particular note, the accounting policy is contained within the relevant note.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements with the exception of the following change in presentation .

In the financial year, the presentation of cash collateral provided or received for OTC derivatives was changed from "Other Assets" or "Other Liabilities" to "Receivables from Banks/Customers" or "Liabilities to Banks/Customers". This change aims to improve the transparency and comparability of the financial statements. The prior-year figures have been adjusted accordingly.

The effects on the balance sheet as of March 31, 2024, are as follows:

KEUR	31.03.2024	31.03.2024 adjusted	Difference
Other Assets	**124,511**	62.564	(61.947)
Other Liabilities	**370.166**	201.458	(168.708)

KEUR	31.03.2024	31.03.2024 adjusted	Difference
Receivables to banks	**9,420,446**	9,463,401	42,955
Receivables to customers	**11,790,055**	11,809,047	18,992
Liabilities to banks	**4,578,558**	4,585,882	7,324
Liabilities to customers	**11,377,659**	11,539,043	161,384

1. Basis of Consolidation

Subsidiaries are investees controlled by the Bank. The SMBC EU Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The SMBC EU Group reassesses whether it has control if there are changes to one or more of the elements of control. As part of its normal business activities, the Bank grants loans to structured companies in different industries. The assessment undertaken by the SMBC EU Group includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Bank having power over the investee. The financial statements of any subsidiaries would be included in the consolidated financial statements from the date control commences until the date control ceases. As of March 31, 2025, the Bank did not control any investees other than its direct subsidiary SNBL, where SMBC EU holds 100% of the voting rights.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration, given at the date of exchange. Acquisition-related costs are recognised as an expense in the income statement in the period in which they are incurred. The acquired identifiable assets, liabilities and contingent liabilities are generally measured at their fair values at the date of acquisition. Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of non-controlling interest and the fair value of the SMBC EU Group's previously held equity interest over the net of the amounts of the identifiable assets acquired and the liabilities assumed.

Business combinations under common control are accounted for using the book value method. The transaction is carried out at the seller's (group) book value since the subordinate subgroup financial statements represent a section of the overall consolidated financial statements. Any difference between the net book value of the acquired company and the acquisition costs of the company acquisition is offset directly against equity. This also applies if the equity is used up or even becomes negative.

2. Interest and Similar Income and Expense

Interest income and expense are recognised in the income statement for all financial assets and financial liabilities at amortised cost using the effective interest method. The effective interest method is a method of calculating the cost of a financial asset or liability and of allocating the interest income over the relevant period. The effective interest rate is the rate at which the estimated future cash payments are discounted over the expected term of the financial instrument - according to the contractual agreements - or over a shorter period if applicable. The application of the method results in the recognition of income from the instrument in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the SMBC EU Group estimates cash flows considering all contractual terms of the financial instrument but, for financial assets, excluding future credit losses.

Fees from receivables held at amortised cost that are an integral part of the effective interest rate are treated as an adjustment to the effective interest rate and are recognised in profit and loss as part of the net interest income. Where a fee is considered to be an adjustment to the effective interest rate, it is recognised as such over the expected life.

3. Fee and Commission Income and Expense

Fees and commissions receivable in respect of services provided are recognised in profit and loss when the related services are performed and when consideration is considered receivable. The performance obligations, as well as the timing of when they have been met, are identified, and determined, at the inception of the contract. The SMBC EU Group's revenue contracts do not include multiple performance obligations. When the SMBC EU Group provides a service to its customers, consideration is generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time. If the service is provided at a specific point in time, it is recognized in the profit and loss statement at the time the service is provided. If it is related to a period, it is recognized in the profit and loss statement pro rata temporis.

Fees relating to receivables held at amortised cost that are not an integral part of the effective interest rate are recognised in profit and loss as part of the fees and commission income and expenses. Where receivables are purchased in the secondary market and there is observable evidence that the fair value is higher than the purchase price and the fair value is determined exclusively from observable parameters, then the difference is recognized immediately in the profit and loss statement.

Fees and commissions expense relate mainly to transaction and service fees, which are expensed as the service is received.

4. Income from FVPL Financial Instruments

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest and foreign exchange differences.

5. Financial Instruments – Initial Recognition and Subsequent Measurement

Financial assets

These include receivables to banks and customers and investment securities.

i) Classification, initial recognition and subsequent measurement

Financial assets are initially recognized at fair value plus - in the case of financial assets that are not measured at fair value through other comprehensive income - any transaction costs that are incremental and directly attributable to the acquisition of the financial asset.

Financial assets are classified into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVPL); or
- those to be measured at amortised cost.

The classification depends on the business model in which a financial asset is held and the contractual terms of the financial assets' cash flows.

Business model assessment

The SMBC EU Group makes an assessment of the objective of the business model in which a financial asset is held based on the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. This includes whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the SMBC EU Group's management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the respective assets or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The SMBC EU Group has defined three portfolios as Corporate Banking, Treasury and Trading. The SMBC EU Group's corporate banking business comprises primarily loans to customers that are held for collecting contractual cash flows and where loans are rarely sold (business model Hold). The exception to this is the syndications portfolio where the assets are held within a business model whose objective is achieved by selling the financial assets (Business model Sell).

Investment securities are either held for collecting contractual cash flows (Business model Hold) or as part of liquidity management to collect contractual cash flows and for sale (Business Model Hold and Sell).

The Treasury portfolio includes derivatives for hedging the banking book (Business model Sell) and the sub-portfolio for the nostro business (Business model Hold).

The trading business exclusively includes financial instruments that are intended for trading (Business model Sell).

Contractual terms of financial assets' cash flows

For financial assets to be held at amortised cost, the contractual terms of the financial asset must give rise to cash flows on specified dates that represent solely payments of principal and interest on the principal amount outstanding.

For the purposes of this assessment, principal is defined as the fair value of the financial assets on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time, as well as for other basic lending risks and costs (e.g. liquidity risk and administrative costs). It further includes a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the SMBC EU Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The assessment is carried out by the SMBC Group using a checklist upon conclusion of the contract. In making this assessment, the SMBC EU Group considers in particular the following characteristics of potentially harmful characteristics:

- contingent events that would change the amount or timing of cash flows;
- conditions that could change the contractual coupon rate, including variable interest rates or coupling to stock indices, currency indices or other indices;
- Yields that are dependent on the utilization, performance or stage of completion of the asset;
- Potential conversion options to convert the liability into other asset classes;
- prepayment and extension features; and
- terms that limit the SMBC EU Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual nominal value, a feature that permits or requires prepayment at an amount that substantially represents the contractual nominal value plus accrued contractual interest (which may include reasonable additional compensation for early termination) is treated as consistent with this requirement if the fair value of the prepayment feature is insignificant at initial recognition.

In addition, on initial recognition, the SMBC EU Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This fair value option is currently not used by the SMBC EU Group.

Financial liabilities

These comprise deposits, which are the SMBC EU Group's source of debt funding. Financial liabilities are classified as non-trading, held for trading or designated as held at fair value through profit and loss. Financial liabilities are initially recognised at their fair value minus, in the case of financial liabilities not at fair value through profit and loss, any transaction costs that are incremental and directly attributable to the issue of the financial liability. Subsequent to initial recognition, non-trading liabilities are recorded at amortised cost.

ii) Derecognition of financial assets and liabilities

The SMBC EU Group Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the SMBC EU Group does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of i) the consideration received including any new asset obtained less any new liability assumed and ii) all cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit and loss.

In case the SMBC EU Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but does not transfer all the risks and opportunities of the transferred assets and retains control over the transferred assets, then the transferred assets are not derecognised.

The SMBC EU Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

iii) Modifications of financial assets and liabilities

Financial assets

When the terms of a financial asset are modified, the SMBC EU Group assesses whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are considered to have expired. In this instance, the original financial asset is derecognised, and a new financial asset is recognised at fair value.

If the cash flows of a modified financial asset carried at amortised cost or FVOCI are not substantially different, then the modification does not result in the derecognition of the financial asset. In this case, the SMBC EU Group recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit and loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The SMBC EU Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the new financial liability with modified terms is recognised in profit and loss.

If the modification of a financial liability is not accounted for as derecognition, then the amortised costs of the liability are recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit and loss.

iv) Impairment losses on loans and unutilised loan commitments

The SMBC EU Group has not applied the exception for low credit risks permitted under IFRS 9.

6. Foreign Currencies

The financial statements are presented in euro, which is the SMBC EU Group's functional and reporting currency. Items included in the financial statements of each of the SMBC EU Group's operations are measured using their functional currency, being the currency of the primary economic environment in which they operate.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are translated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the translation and settlement of these items are recognised in the income statement.

7. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises balances with original maturities of up to three months including cash and cash equivalents with central banks, and receivables to banks. These are highly liquid assets that can be easily converted into cash and have an insignificant risk of changing their value.

IV. Explanatory Notes to the Group Balance Sheet

1. Cash and Central Bank Balances

KEUR	31.03.2025	31.03.2024
Cash	–	1
Central bank balances	**113,781**	161,792
thereof at Deutsche Bundesbank	**87,841**	135,852
Total cash and central bank balances	**113,781**	161,793

2. Receivables to Banks and Customers

Receivables at amortised cost

Receivables at amortised cost are non-derivative financial assets with fixed or determinable payments and exclude those that are classified as held for trading and those that are designated as at fair value through profit and loss. Subsequent to initial recognition, receivables are measured at amortised cost less impairment losses where:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on specified dates that represent solely payments of principal and interest on the principal amount outstanding.

Where exposures are hedged by derivatives designated and qualified as fair value hedges, the carrying value of the hedged receivables includes a fair value adjustment for the hedged risk only (note IV.5).

Receivables at fair value through profit and loss

Receivables held at fair value through profit and loss include all receivables classified as held for trading, those irrevocably designated as held at fair value through profit and loss on initial recognition, and those with contractual terms that do not represent solely payments of principal and interest on the principal amount outstanding.

Receivables classified at fair value through profit and loss are recorded at fair value on the statement of financial position with changes in fair value recognised in profit and loss. Financial instruments are classified as held for trading when they are held with the intention of generating short-term profits.

Receivables to banks

KEUR	31.03.2025	31.03.2024
Receivables to banks at amortised cost	**10,594,661**	9,463,683
Of which: Cash collateral provided (margins)	**10,079**	42,955
Receivables to banks at FVPL	**–**	–
Less allowance for credit losses	**0**	(282)
Total receivables to banks	**10,594,661**	9,463,401

Receivables to banks include receivables from inter-banking lending business of EUR 2,804.82 million (PY: EUR 31.83 million).

Receivables to customers

KEUR	31.03.2025	31.03.2024
Receivables to customers at amortised cost	**13,278,195**	11,601,090
Of which: Cash collateral provided (margins)	**159,963**	18,992
Receivables to customers at FVPL	**228,782**	255,821
Of which: Receivables to customers at FVPL – SPPI fail	**188,477**	140,373
Less allowance for credit losses	**(57,300)**	(47,864)
Total receivables to customers	**13,449,677**	11,809,047

Receivables to customers mainly result from lending business.

3. Investment and Liquidity Securities

Investment securities at amortised cost

Investment securities at amortised cost are non-derivative financial assets with fixed or determinable payments and exclude those that are classified as held for trading and those that are designated as at fair value through profit and loss. Subsequent to initial recognition, investment securities are measured at amortised cost less impairment losses where:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on specified dates that represent solely payments of principal and interest on the principal amount outstanding.

Investment securities at fair value through other comprehensive income

Investments in debt instruments that are classified as at fair value through other comprehensive income are those where:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.

The assets are measured at fair value on the statement of financial position. Unrealised gains and losses are recognised in other comprehensive income and only on disposal is the cumulative gain or loss, previously recognised in other comprehensive income, recognised in profit and loss.

Investment securities

KEUR	31.03.2025	31.03.2024
Investment securities held at amortised cost	**105,151**	115,037
Investment securities at fair value through OCI	**90,187**	87,397
Less allowance for credit losses	**(5)**	(5)
Total investment securities	**195,334**	202,429

Investment securities held at amortised cost exclusively include stock exchange eligible, but non-listed money market instruments from other issuers that mature within the next financial year.

Investments securities measured at fair value through other comprehensive income comprise fixed-income securities with a maximum maturity of 10 years or less.

4. Accounting for Derivatives

Derivatives include interest rate swaps, cross-currency swaps, forward foreign exchange contracts and options on interest rates and foreign currencies. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative instruments which do not meet the criteria to be designated as a hedge are considered to be held for trading and are measured at fair value with the resulting profits and losses included in net trading income.

The fair value of exchange-traded derivatives is determined by reference to the quoted market price.

The fair value of over-the-counter ("OTC") derivatives is determined by calculating the expected cash flows under the terms of each specific contract, and then discounting these to their net present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices, or through modelling cash flows using appropriate pricing models. The effect of discounting expected cash flows back to present value is achieved by constructing discount curves derived from the market price of the most appropriate observable interest rate products such as deposits, interest rate futures and swaps.

In the case of OTC derivatives held for trading, the counterparty default risk is taken into account by considering a credit valuation adjustment (CVA), while SMBC EU AG's own default risk is considered by recognising a debit valuation adjustment (DVA). For funding-related valuation adjustments (FVA), the refinancing expenses from unsecured derivatives and collateralised derivatives for which only partial collateral is available or the collateral cannot be used for refinancing are considered at fair value. To determine the amount of the fair value, observable market data (e.g., credit default swap spreads) are used for CVA, DVA and FVA, if available. Changes in the fair value of the trading portfolio are shown in income from FVPL financial instruments.

Trading assets

KEUR	31.03.2025	31.03.2024
Held for trading	**983,276**	1,265,932
Derivative financial instruments	**983,276**	1,265,933
Other	**–**	(1)
Total Trading assets	**983,276**	1,265,932

Trading liabilities

KEUR	31.03.2025	31.03.2024
Held for trading	**960,278**	1,251,368
Derivative financial instruments	**960,278**	1,251,368
Other	**–**	–
Total Trading liabilities	**960,278**	1,251,368

Derivative financial instruments and hedge accounting

The following tables show the notional amounts and fair values of the SMBC EU Group's derivatives as of 31 March 2025 as well as 31 March 2024.

	31.03.2025			31.03.2024		
KEUR	Nominal value	Fair value derivatives (assets)	Fair value derivatives (liabilities)	Nominal value	Fair value derivatives (assets)	Fair value derivatives (liabilities)
Trading derivatives	**74,503,512**	**983,276**	**(960,277)**	62,490,629	1.265,933	(1,251,368)
Interest rate risk	**44,049,399**	**530,035**	**(513,823)**	34,313,061	736,284	(734,811)
Interest rate swaps	**34,418,706**	**466,963**	**(467,709)**	30,761,240	624,092	(634,710)
CAP/FLOOR	**7,530,693**	**36,999**	**(36,947)**	2,801,821	85,454	(85,250)
Swaption	**2,100,000**	**9,167**	**(9,167)**	750,000	14,851	(14,851)
Other	**–**	**16,905**	**–**	–	11,887	–
Currency risk	**30,454,114**	**453,242**	**(446,454)**	28,177,568	529,649	(516,557)
Foreign exchange derivatives	**18,531,754**	**160,824**	**(152,222)**	19,052,405	147,689	(138,341)
Currency option	**–**	**–**	**–**	234,522	2,011	(1,986)
Cross currency swaps	**11,922,360**	**292,417**	**(294,232)**	8,890,641	379,949	(376,230)
Fair value hedge derivatives	**1,606,997**	**25,233**	**(14,461)**	1,512,273	55,052	(2,818)
Interest rate risk	**1,563,605**	**24,614**	**(13,557)**	1,386,672	54,402	(1,151)
Interest rate swaps	**1,563,605**	**24,614**	**(13,557)**	1,386,672	54,402	(1,151)
Currency risk	**43,392**	**620**	**(905)**	125,601	650	(1,667)
Cross currency swaps	**43,392**	**620**	**(905)**	125,601	650	(1,667)
Total derivatives	**76,110,510**	**1,008,509**	**(974,739)**	64,002,901	1,320,985	(1,254,186)

5. Hedge Accounting

Hedge accounting

The SMBC EU Group applies IFRS 9 'Financial Instruments: Recognition and Measurement' for hedge accounting purposes.

As part of its asset management, the SMBC EU Group uses derivatives as fair value hedges to protect it against changes in the fair value of financial assets due to movements in interest rates and against variability in cash flows arising from movements in foreign exchange rates. Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. These instruments frequently involve a high degree of leverage and can be volatile. Due to this, the Bank maintains very tight control over their use.

The SMBC EU Group applies hedge accounting to manage interest rate and foreign exchange risk. Further details of how these risks arise and how they are managed by the SMBC EU Group are discussed in note VI.3.

In order to hedge the risks to which the SMBC EU Group is exposed, the hedging instruments employed are interest rate and cross currency interest rate swaps. Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in specified underlying indices such as an interest rate or foreign currency rate.

Interest rate swaps relate to contracts taken out by the SMBC EU Group with other financial institutions in which the SMBC EU Group either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed or alternative floating rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a cross-currency interest rate swap, the SMBC EU Group pays the principal amount in one currency at the beginning of the transaction and receives the principal amount back in the other currency. At maturity of the transaction, the capital amounts are paid in reverse. Interim cash flows of interest are then exchanged on the same basis as an interest rate swap in that the SMBC EU Group either receives or pays a floating rate of interest in one currency, in return for paying or receiving, respectively, a fixed rate of interest in the other currency.

The hedging instruments share the same risk exposure as the hedged items, being interest rate and currency risk. Before hedge accounting is applied, the SMBC EU Group determines whether an economic relationship exists between the hedged item and the hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk and considers whether the underlying parameters of the hedged item and hedging instrument are closely aligned.

The following criteria are required for a derivative instrument to be classified as a hedging transaction:

- The transactions are eligible hedged items and hedging instruments
- At the start of the hedge, the SMBC EU Group formally documents the hedging relationship between the hedged item and the hedging instrument, including risk management objectives and strategy, description of the hedged risk, effectiveness of the measurement method and sources of ineffectiveness
- The hedge is expected to be highly effective and assessed on an ongoing basis.
- The ineffectiveness of the hedge (hedged item and hedging instrument) can be reliably measured.
- Non-dominance of the default risk.
- Economic interdependency between hedged item and hedging instrument

The SMBC EU Group applies fair value hedge accounting if the transaction fulfils the above criteria. Hedge accounting is discontinued if it is determined that the derivative is no longer effective as a hedge. A hedge also ceases to be effective if the derivative or asset is sold, cancelled, expires or matures, or if a forecast transaction is no longer considered probable.

The changes in the hedged item and the hedging instruments are recognised in the income statement under net income from hedging relationships.

Fair value hedge accounting

For qualifying fair value hedges, the changes in fair value in respect of the hedged risk of both the hedged item and hedging derivative are recognised in profit and loss. Any ineffective portion of the hedge is immediately recognised in profit and loss under result from hedging relationships. Ineffectiveness can be caused by the multi-curve effect, as different discount curves may be used when measuring the hedged item and the hedging transaction. Other reasons for ineffectiveness can be fixed dates in relation to the reporting date, as changes in market interest rates are only passed on to the variable side of the interest rate swap with a time lag.

If hedge relationships no longer meet the criteria for hedge accounting or the hedging derivative is sold, terminated, expires or matures, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised over the remaining period to maturity of the previously designated hedge relationship using the effective interest rate method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in profit or loss.

Fair value hedges

The financial instruments hedged for interest rate risk concern only fixed rate loans. The SMBC EU Group uses interest rate swaps to hedge interest rate risk (including currency swaps). Interest rate risk arises as the SMBC EU Group holds a portfolio of medium- and long-term fixed rate customer loans whose fair value fluctuates due to movements in market interest rates. In such cases, changes in the fair values in respect of the hedged risk of both the hedging instrument and the hedged item are recognised in profit and loss.

The SMBC EU Group hedges interest rate risk only to the extent of benchmark interest rates because the changes in fair value of fixed rate loans are significantly influenced by changes in the benchmark interest rate.

The following table shows the hedging instruments recognised in the balance sheet of the SMBC EU Group within the positive and negative fair values from designated hedging derivatives:

	31.03.2025			31.03.2024		
KEUR	**Carrying amount hedge accounting assets**	**Carrying amount hedge accounting liabilities**	**Change in FV used as a basis to determine ineffectiveness**	Carrying amount hedge accounting assets	Carrying amount hedge accounting liabilities	Change in FV used as a basis to determine ineffectiveness
Fair value hedge derivatives	**25,233**	**(14,461)**	**(41,846)**	55,052	(2,818)	(30,745)
Interest rate risk	**24,614**	**(13,557)**	**(36,367)**	54,402	(1,151)	(24,437)
Interest rate swaps	**24,614**	**(13,557)**	**(36,367)**	54,402	(1,151)	(24,437)
Currency risk	**620**	**(905)**	**(5,478)**	650	(1,667)	(6,309)
Cross currency swaps	**620**	**(905)**	**(5,478)**	650	(1,667)	(6,309)

Derivative financial instruments and hedge accounting – Fair value hedges

The following tables profile the notional values of current hedging instruments:

KEUR	**Maturity as of 31 March 2025**			Maturity as of 31 March 2024		
Interest rate risk	**Less than**		**More than**	Less than		More than
Hedge of receivables to customers	**1 year**	**1 to 5 years**	**5 years**	1 year	1 to 5 years	5 years
Notional amount	**363,751**	**890,511**	**309,343**	157,549	1,037,437	191,686
Average fixed interest rate %	**3.06%**	**3.26%**	**5.35%**	1.91%	2.66%	4.86%

KEUR	**Fälligkeit am 31. März 2025**			Fälligkeit am 31. März 2024		
Currency rate risk	**Less than**		**More than**	Less than		More than
Hedge of receivables to customers	**1 year**	**1 to 5 years**	**5 years**	1 year	1 to 5 years	5 years
Notional amount	**4,829**	**33,955**	**4,609**	–	125,601	–
Average fixed interest rate %	**7.73%**	**7.13%**	**3.78%**	–	6.85%	–

The following table shows the hedged items in fair value hedge accounting relationships:

		31.03.2025			
KEUR **Hedged risk**	**Classification of the hedged item in the balance sheet**	**Carrying amount**	**Accumulated fair value hedge adjustments included in carrying amount**	**Change in fair value used as a basis to determine ineffectiveness**	**Accumulated fair value hedge adjustments remaining in statement of financial position**
Interest rate risk	Receivables to customers	**1,547,389**	**(16,216)**	**32,770**	**–**
Currency risk	Receivables to customers	**43,602**	**210**	**5,275**	**–**
Total		**1,590,991**	**(16,006)**	**38,044**	**–**

		31.03.2024			
KEUR Hedged risk	Classification of the hedged item in the balance sheet	Carrying amount	Accumulated fair value hedge adjustments included in carrying amount	Change in fair value used as a basis to determine ineffectiveness	Accumulated fair value hedge adjustments remaining in statement of financial position
Interest rate risk	Receivables to customers	1,349,647	(48,986)	26,889	–
Currency risk	Receivables to customers	126,641	(5,065)	5,505	–
Total		1,476,288	(54,051)	32,394	–

6. Accounting for Intangible Assets and Property and Equipment

Accounting for intangible assets

Intangible assets are stated at capitalised cost less accumulated amortisation and accumulated impairment losses. The carrying values of intangible assets are reviewed for impairment at each reporting date and when events or changes in circumstances indicate that the carrying value may not be recoverable. Expenditure on internally developed software is recognised as an asset when the SMBC EU Group is able to demonstrate its intention and ability to complete the development and use the software in a manner which will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. There are currently no internally generated intangible assets in the portfolio.

Accounting for property and equipment

Fixed tangible assets are stated at capitalised cost less accumulated depreciation and accumulated impairment losses. The carrying values of fixed tangible assets are reviewed for impairment at each reporting date and when events or changes in circumstances indicate that the carrying value may not be recoverable.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives. Useful life is specified in accordance with tax tables (afa-tables from the German tax authority; EStRL) if the according timeframe is considered presentable for the useful life.

Accounting for leases

At inception of a contract, the SMBC EU Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the SMBC EU Group uses the definition of a lease in IFRS 16.

Bank acting as a lessee

At commencement or on modification of a contract that contains a lease component, the SMBC EU Group allocates consideration in the contract to each lease component based on its relative standalone price.

The SMBC EU Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the SMBC EU Group's incremental borrowing rate. Generally, the SMBC EU Group uses its incremental borrowing rate as the discount rate.

The SMBC EU Group determines its incremental borrowing rate by taking the 'Pfandbriefe' yields published by Deutsche Bundesbank as the basis and uses various external sources to make certain adjustments to reflect the terms of the lease, country risks, the entity-specific financing spread, and type of asset leased. As the Pfandbriefe are issued with an investment grade of AAA, the SMBC EU Group adjusts the published interest rates by the difference in risk margins between the AAA rating and the relevant rating of SMBC EU Group. The difference is determined by using the yield curves of bonds.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the SMBC EU Group is reasonably certain to exercise, lease payments in an optional renewal period if the SMBC EU Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the SMBC EU Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the SMBC EU Group's estimate of the amount expected to be payable under a residual value guarantee, if the SMBC EU Group changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The SMBC EU Group presents right-of-use assets in property and equipment, and lease liabilities in 'Other liabilities' in the statement of financial position.

The SMBC EU Group has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets and short-term leases, including leases of IT equipment. The SMBC EU Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The development of the individual items is shown in the following statement of movements in fixed assets in KEUR:

	Cost			
KEUR	01.04.2024	Additions	Reductions	**31.03.2025**
Concessions, property rights and similar rights and assets as well as licences to such rights and assets acquired for consideration	7,306	1,287	–	**8,593**
Intangible assets	7,306	1,287	–	**8,593**
Leasehold improvement	7,694	35	–	**7,729**
Operating and other equipment	6,642	937	68	**7,511**
Construction in progress	61	1,693	–	**1,754**
Property and equipment	14,398	2,665	68	**16,995**
Properties	18,287	7,930	1,268	**24,948**
Vehicles	14	–	–	**14**
Right-of-use asset (IFRS 16)	18,301	7,930	1,268	**24,962**
Total	40,005	11,882	1,336	**50,550**

	Amortisation				Net carrying amount	
KEUR	01.04.2024	Additions	Reductions	**31.03.2025**	01.04.2024	**31.03.2025**
Concessions, property rights and similar rights and assets as well as licences to such rights and assets acquired for consideration	5,385	1,015	–	**6,400**	1,922	**2,193**
Intangible assets	5,385	1,015	–	**6,400**	1,922	**2,193**
Leasehold improvement	4,931	590	–	**5,521**	2,763	**2,208**
Operating and other equipment	3,784	1,168	53	**4,899**	2,858	**2,612**
Construction in progress	–	–	–	**–**	61	**1,754**
Property and equipment	8,716	1,758	53	**10,421**	5,682	**6,574**
Properties	8,031	2,098	479	**9,650**	10,256	**15,298**
Vehicles	7	4	–	**11**	7	**3**
Right-of-use asset (IFRS 16)	8,037	2,102	479	**9,660**	10,263	**15,302**
Total	22,138	4,875	532	**26,481**	17,867	**24,069**

7. Income Taxes

KEUR	31.03.2025	31.03.2024
Income tax asset	**29,920**	13,000
Income tax liability	**(32,485)**	(42,026)
Total	**(2,565)**	(29,026)

The table shows the income tax assets and income tax liabilities to the tax authorities.

The SMBC Group falls within the scope of the global minimum taxation rules ("Pillar 2"), which entered into force in Germany on 28 December 2023 by the implementation of the Minimum Tax Act (MinStG).

The Minimum Tax Act applied for the first time for fiscal years beginning after 30 December 2023. There was no material tax exposure for the fiscal year 2024/25. Under the Minimum Tax Act, the SMBC Group must pay a top-up tax for each jurisdiction in which the effective tax rate is below 15%. During the transitional period from 2024 until 2026, the top-up tax can, upon request, be deemed to be zero for a jurisdiction where the requirements of the Country-by-Country Reporting Safe Harbour rules are met.

SMBC Bank EU AG and its mother company Sumitomo Mitsui Banking Corporation, Tokyo, Japan initiated a project on a global basis. Further within EMEA region a parallel project in alignment with the global project has started to continuously analyse and evaluate the impact of the global minimum taxation rules whereby external tax advisors are involved. The main jurisdiction in which exposures to this minimum top-up tax may exist from a German perspective (only taking subsidiaries and branches of SMBC Bank EU AG into consideration) include Ireland.

The SMBC Bank EU AG has applied the temporary exemption from the accounting requirements for deferred taxes relating to Pillar 2 income taxes under IAS 12 published by the IASB in May 2023. Accordingly, the SMBC Bank EU AG neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar 2 income taxes.

SMBC Bank EU AG adopted the amendments to IAS 12 for the first time in the previous year. The IASB revised the scope of IAS 12 to clarify that the standard applies to income taxes enacted to implement the model rules for Pillar 2 published by the OECD, including taxes that qualify as domestic minimum top-up taxes as described in those rules.

The amendments introduced a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar 2 income taxes.

8. Deferred Taxes

The components of deferred taxes disclosed on the statement of financial position are as follows:

KEUR	31.03.2025	31.03.2024
Deferred tax assets	**83,387**	77,595
Deferred tax liabilities	**(21,709)**	(28,359)
Net deferred tax	**61,677**	49,236

Movements on deferred tax balances

Movements on deferred tax assets and liabilities were as follows:

KEUR	Asset/(liability) at 1 April 2024	Movement through the P&L account	Movement through the other comprehensive income	Movement through retained earnings	**Asset/(liability) at 31 March 2025**
Bonus accrual	546	1,555	–	–	**2,101**
Derivatives & other FVPL financial instrument	(20,266)	14,127	–	–	**(6,140)**
Fixed assets	236	10	–	–	**246**
Goodwill	8,201	(1,587)	–	–	**6,614**
IFRS 9 and upfront fees	60,243	(702)	(741)	–	**58,800**
Other	275	(219)	–	–	**55**
Total	49,236	13,183	(741)	–	**61,677**

For the valuation of deferred taxes in the German unit, we have noted that on July 11, 2025, a gradual reduction of the corporate income tax rate from the 2028 assessment period of currently 15% by one percentage point per year to 10% in the assessment year 2032 was decided. The effects have yet to be determined. It has not yet been possible to make a proper estimate.

9. Other Assets

Other assets mainly include:

KEUR	31.03.2025	31.03.2024
Receivables from intra-group clearing	**58,943**	48,944
Cash collateral provided (margins)	**–**	–
Other	**12,737**	13,620
Total Other assets	**71,679**	62,564

Cash collateral provided was reclassified during the financial year into the items Receivables to banks or Receivables to customers.

10. Liabilities to Banks

KEUR	31.03.2025	31.03.2024
Liabilities to banks at amortised cost	**7,063,751**	4,578,882
Of which: Cash collateral received (margins)	**53,879**	7,324
Total liabilities to banks	**7,063,751**	4,578,882

Liabilities to banks mainly consist of liabilities from time deposits of EUR 1,929.30 million (PY: EUR 1,454.94 million) and EUR 5,063.53 million (PY: EUR 3,115.03 million) in deposits from the SMBC Group (further details in note VI.2).

11. Liabilities to Customers

KEUR	31.03.2025	31.03.2024
Liabilities to customers at amortised cost	**11,165,448**	11,539,043
Of which: Cash collateral received (margins)	**100,536**	161,384
Total liabilities to customers	**11,165,448**	11,539,043

Liabilities to customers mainly consist of liabilities arising from customer deposits amounting to EUR 9,291.12 million (PY: EUR 9,881.58 million) and current accounts of EUR 616.29 million (PY: EUR 396.65 million).

12. Secured Liabilities

KEUR	31.03.2025	31.03.2024
Secured liabilities at amortised cost	**393,345**	–
Total secured liabilities	**393,345**	–

Secured Liabilities consists of liabilities arising from commercial papers issued at discounts amounting to EUR 393.34 million (PY: EUR nil million). This is the first year SMBC EU group holds secured liabilities.

13. Provisions

KEUR	31.03.2025	31.03.2024
Employee benefits provisions	**2,804**	2,570
Provisions for value adjustments on off-balance items	**9,126**	21,766
Other provisions	**6,761**	12,711
Total provisions	**18,691**	37,047

Other provisions mainly consist of provisions for the audit of the financial statements and other audit services totalling EUR 2.25 million (PY: EUR 2.47 million), provisions for lawyers totalling EUR 0.41 million (PY: EUR 1.57 million), provisions for external consulting support totalling EUR 1.18 million (PY: EUR 1.01 million), provisions from outsourced activities in the wider SMBC Group totalling EUR nil million (PY: EUR 5.35 million). The provisions for audits and other audit services, for external consulting support and for outsourced activities from the last financial year were used and replaced by new provisions, which are expected to be used in the next financial year.

Some employees are entitled to early retirement benefits depending on their seniority. A corresponding provision of EUR 1,50 million (PY: EUR 1.86 million) is reported in employee benefits provisions.

The following **valuation assumptions and methods** were used for the calculation of the early retirement provision:

KEUR	31.03.2025	31.03.2024
Actuarial interest	**3.30%**	1.56%
Salary trend	**1.50%**	1.50%
Health insurance contribution	**0.00%**	0.00%
Social security contributions (general)	**20.950%**	20.450%
Fluctuation	**5.00%**	5.00%
Utilisation	**100.00%**	100.00%
Biometrics	**RT2018 G**	RT2018 G
Valuation method	**PUC**	PUC

KEUR **Early retirement commitments**	31.03.2025	31.03.2024
Potential early retirement	**247**	686
Early retirement commitments	**1,255**	1,176
Early retirement commitments	**1,501**	1,862

The early retirement obligations are offset by compensation claims in the amount of EUR 0.48 million (PY: EUR 0.58 million) from the SMBC Düsseldorf branch for early retirement commitments that were made before the transfer of the employees in February 2020. The discounting of provisions results in an expense of KEUR 59.34 (PY: KEUR 59.71) in the financial year.

KEUR	Employee benefits provisions	Other provisions
Opening balance on 1 April 2024	2,570	12,711
Provisions made during the year	2,158	8,200
Provisions used during the year	(1,200)	(13,351)
Provisions reversed during the year	(723)	(844)
Unwind of discount		
Other movements		45
Closing balance on 31 March 2025	**2,804**	**6,761**

14. Other Liabilities

KEUR	31.03.2025	31.03.2024
Cash collateral received (margins)	–	
Liabilities from intra-group clearing	**121,510**	120,253
Bonus accruals	**26,752**	23,891
Accrual of commitment fees	**31,195**	21,887
Lease liabilities	**16,134**	11,206
Unearned interests from account receivable purchases	**11,112**	8,524
Tax liabilities	**7,521**	4,967
Other	**13,974**	10,729
Total Other liabilities	**228,198**	201,458

Cash collateral received was reclassified during the financial year into the items Liabilities to banks or Liabilities to customers.

Deferred bonus scheme

The SMBC EU Group has a deferred bonus scheme for certain employees. Such employees receive part of their annual bonus as a deferred award comprising 50% in cash and 50% in a scheme coupled to the SMFG share price. Any deferred awards are dependent on future service and are awarded over periods up to five years. As at the year-end, total deferred bonuses were KEUR 5,159,70 (PY: KEUR 3.703,74).

Leases

The SMBC EU Group leases various offices under non-cancellable lease arrangements to meet its operational business requirements. The SMBC EU Group does not have any material subleasing arrangements. Right-of-use assets relate to property leases and one car lease: refer to note IV.6 for a breakdown of the carrying amount of right-of-use assets.

KEUR	
As of 31 March 2024	11,206
Interest expense on lease liabilities	**483**
New leases	**7,275**
Lease contract modifications	**(136)**
Disposals	**–**
Cash payments	**(2,694)**
As of 31 March 2025	**16,134**

During the financial year new lease contracts were recognised for the office in Dublin and the subsidiary SNBL in Luxembourg.

Leases – Maturity analysis – Contractual undiscounted cash flows

The undiscounted maturity analysis of lease liabilities as of 31 March 2025 and 31 March 2024 is as follows:

31 March 2025 KEUR	Up to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Lease payments	**754**	**2,107**	**2,635**	**2,401**	**1,565**	**1,579**	**7,223**	**18,264**
Finance charges	**(108)**	**(302)**	**(350)**	**(287)**	**(247)**	**(213)**	**(623)**	**(2,130)**
Net present values	**646**	**1,805**	**2,285**	**2,114**	**1,318**	**1,366**	**6,600**	**16,134**

31 March 2024 KEUR	Up to 3 months	3 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Lease payments	627	1,650	1,664	1,365	1,237	1,047	4,413	12,003
Finance charges	(47)	(130)	(148)	(123)	(100)	(83)	(167)	(797)
Net present values	580	1,519	1,516	1,242	1,138	964	4,246	11,206

The SMBC EU Group is not exposed to any additional cash flows in respect of variable lease payments or extension and termination options. Additionally, the SMBC EU Group does not have any significant sale and leaseback transactions and does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its business.

15. Equity

KEUR	31.03.2025	31.03.2024
Subscribed capital	**5,100,000**	5,100,000
Capital reserves	**69,724**	69,724
Legal reserves	**23,872**	10,900
Retained earnings	**471,850**	258,354
Other reserves	**7,205**	1,701
thereof other comprehensive income	**3,734**	1,701
Total equity	**5,671,572**	5,440,679

The subscribed capital of the SMBC EU Group amounted to EUR 5.10 billion as of the balance sheet date, which is divided into 5,100,000,000 registered no-par shares (notional value of EUR 1.00 per share).

The retained earnings include a restricted reserve of EUR 2 million from the Milan branch, which was established as of March 31, 2024.

In accordance with Section 150 AktG, around 5% of the net income for the year reduced by the loss carried forward from the previous year based on German GAAP is transferred to the legal reserve.

In addition, the Executive Board will propose to the Annual General Meeting that the remaining net income be allocated to retained earnings.

V. Explanatory Notes to the Consolidated Statement of Comprehensive Income

1. Interest Income and Expense and Similar Income and Expense

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Interest income	**1,062,189**	930,811
Lending and money market business	**1,056,629**	924,648
Negative interest on lending and money market business	**–**	(47)
Fixed-income securities and book-entry securities	**5,560**	6,210
Interest expense	**(646,313)**	(575,146)
Interest expenses	**(646,313)**	(576,033)
Less: negative interests on interest expenses	**–**	887
Net interest income	**415,876**	355,665

EUR 895.83 million (EUR 813.46 million) of interest income is attributable to SMBC EU in Frankfurt, EUR 158.13 million (PY: EUR 110.42 million) to the Milan branch and KEUR 63.43 (PY: KEUR 48.13) to the Paris branch. EUR 8.16 million (PY: EUR 6.88 million) of interest income are from the subsidiary SNBL in Luxembourg.

2. Net Fee and Commission Income

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Commission income	**198,263**	173,975
Loan service fees	**131,868**	110,262
Commissions from security business	**37,866**	39,869
Guarantee fees received	**5,408**	5,459
Investment funds fees	**20,968**	16,609
Other	**2,151**	1,775
Commission expense	**(97,145)**	(90,934)
Commissions from security business	**(7,314)**	(6,590)
Guarantee fees paid	**(5,486)**	(4,401)
Interbank commissions	**(77,919)**	(75,662)
Investment funds fees	**(1,624)**	(673)
Other	**(4,802)**	(3,607)
Net commission income	**101,118**	83,041

EUR 161,80 million (PY: EUR 142.17 million) of commission income is attributable to SMBC EU in Frankfurt, EUR 13,21 million (PY: EUR 12.86 million) to the Milan branch and KEUR 969.87PY: KEUR 558.63) to the Paris branch. EUR 22,28 million (PY: EUR 18.38 million) arise from the subsidiary SNBL in Luxembourg.

3. Net Trading Result

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Net trading result	**29,624**	49,423

EUR 27.50 million (PY: EUR 46.58 million) of the net trading result is attributable to SMBC EU in Frankfurt, KEUR 24.22 (PY: KEUR 114.59) to the Milan branch and EUR 2.10 million to the subsidiary SNBL in Luxembourg.

4. Result from Hedging Relationships

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Result from hedging relationships	**(3,801)**	1,650

5. Other Operating Income

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Income from intra-group clearing	**10,121**	11,842
Gain on sale of loans at FVPL	**4,681**	9,431
Rental income	**283**	719
Income from the reversal of provisions	**–**	–
Other	**1,206**	2,823
Other operating income	**16,292**	24,815

EUR 13.48 million (PY: EUR 20.74 million) of the other operating income is attributable to SMBC EU in Frankfurt, EUR 2.33 million (PY: EUR 2.94 million) to the branch in Paris, KEUR 0.22 (PY: KEUR 827.67) to the branch in Milan and KEUR 125.40 (PY: KEUR 111.60) to the branch in Dublin. KEUR 353.29 arise from the subsidiary SNBL in Luxembourg.

6. Administrative Expenses

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Wages and salaries	**83,998**	74,871
Social security costs	**19,766**	16,012
Other administrative costs	**114,943**	117,336
Total	**218,707**	208,218

Other administrative expenses mainly consist of expenses from intra-group clearing of EUR 55.43 million (PY: EUR 51.77 million), VAT expenses in the amount of EUR 14.78 million (PY: EUR 15.17 million), bank levy of KEUR nil (PY: KEUR 50), expenses for temporary staff of about EUR 4.06 million (PY: EUR 5.46 million) as well as external consulting services amounting to EUR 8.8 million (PY: EUR 13.59 million).

The item 'Wages and salaries' includes expenses from deferred bonuses linked to the SMFG share price in the amount of TEUR 773 (PY: TEUR 2.391).

7. Net Result from the Derecognition of Financial Assets Measured at AC

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Net result from the derecognition of financial assets measured at AC	**(67)**	1,542

A profit of EUR 5.99 million (PY: EUR 1.54 million) was realised from the sale of loans valued at amortised cost.

8. Amortisation, Depreciation and Write-downs on Intangible Assets and Property and Equipment

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Leasehold improvement	**(585)**	(576)
Right-of-use asset	**(2,106)**	(1,604)
Other	**(2,183)**	(1,450)
Amortisation, depreciation and write-downs on intangible assets and property and equipment	**(4,875)**	(3,630)

9. Other Operating Expenses

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Other operating expenses	**(1,648)**	(885)

10. Risk Provision

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Risk provision	**(2,189)**	(42,963)

The movement in the risk provision result is largely due to derecognitions of stage 3 assets as well as transfers from stage 3 to stage 2, as well as transfers from stage 1 to stage 2. More detailed information can be found in note VI.3.

11. Income Tax Charge

Accounting for income taxes

Income tax charge comprises current and deferred tax. Current tax and deferred tax are recognised in profit and loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Income tax charge

KEUR	**01.04.2024 – 31.03.2025**	01.04.2023 – 31.03.2024
Income taxes	**(101,684)**	(87,071)
Trade tax	**(45,760)**	(51,055)
Corporate tax	**(66,810)**	(54,792)
Deferred tax	**13,111**	19,178
Other	**2,225**	(403)

Corporate tax shows income taxes paid in Germany as well as in the countries in which the branches are located.

In Germany, the combined income tax rate equals 31.74%. The Italian income tax rate is 33.07% and for France it is 25.0%. The income tax rate in the Czech Republic is 21% (PY: 19.0%) and in the Netherlands 23.5%. In Spain, the income tax rate equals 30.0% and for Ireland 12.5%. For Luxembourg the income tax rate is 23.87%.

Income taxes – Amounts recognised in the income statement

KEUR	**01.04.2024 – 31.03.2025**	01.04.2023 – 31.03.2024
Current tax charge	**(114,795)**	(106,249)
Current year	**(117,567)**	(106,249)
Adjustment for prior years	**2,769**	–
Deferred tax charge	**13,111**	19,178
Origination and reversal of temporary differences	**11,998**	19,178
Adjustment for prior years	**1,113**	–
Other	**–**	–
Total income tax expense	**(101,684)**	(87,071)

Income taxes – Amounts recognised in OCI

	01.04.2024 – 31.03.2025			01.04.2023 – 31.03.2024		
TEUR	**Before tax**	**Tax**	**Net of tax**	Before tax	Tax	Net of tax
Items that will not be reclassified to income statement						
Items that are or may be reclassified subsequently to income statement						
Change in fair value of financial assets at FVOCI	**(5,033)**	**1,304**	**(3,729)**	(2,305)	575	(1,730)
Other unrealised gains (+)/losses (–) recognised in the reporting period, before tax	**(5)**	**0**	**(5)**	(7)	–	(7)
Realised gains (–)/losses (+) reclassified to profit or loss in the reporting period, before tax				49	(13)	36
Total	**(5,038)**	**1,304**	**(3,734)**	(2,263)	562	(1,701)

Income taxes – Reconciliation of effective tax rate

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Profit before tax	**331,622**	260,440
Domestic tax rate	**31.74%**	31.73%
Expected income tax at the domestic tax rate	**(105,250)**	(82,639)
foreign tax rate differentials	**304**	424
tax expenses not deductible for tax purposes	**(94)**	(4,754)
TLCFs	**–**	–
Adjustments of Tax base TT	**(40)**	61
non recognised deferred taxes of branches	**(126)**	(123)
Adjustment for prior years	**3,882**	–
Offsetting of taxes paid abroad	**(111)**	–
others	**(248)**	(40)
Total effective tax expense	**(101,684)**	(87,071)
Effective tax rate	**30.66%**	33.43%

12. Net Income from Financial Assets and Liabilities

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Profit or loss from financial instruments – held for trading	**57,128**	77,393
Profit or loss from financial instruments – mandatorily FVPL	**6,282**	8,302
Profit or loss from financial assets measured at amortised cost	**1,034,835**	903,365
Profit or loss from financial liabilities measured at amortised cost	**(612,702)**	(547,637)
Profit or loss from financial assets measured at FVOCI	**674**	253
Total	**486,218**	441,676

VI. Other Explanatory Notes

1. Off-Balance-Sheet Transactions

Contingent liabilities and other obligations

KEUR	31.03.2025	31.03.2024
Contingent liabilities		
Liabilities from guarantees and indemnity agreements	**2,142,007**	1,956,647
Other obligations		
Irrevocable loan commitments	**13,983,178**	12,997,710

Based on past experience, the probability of a claim against guarantees and indemnity agreements being made is considered to be low. Irrevocable credit commitments are regularly drawn by customers.

As of 31 March 2025, there is only one irrevocable loan commitment to an individual borrower of EUR 571.86 million, which is above the large exposure threshold.

Accounting for contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are improbable.

At the reporting date, there is no knowledge of any contingent liability other than the stated liabilities from guarantees and indemnity agreements.

2. Related Party Transactions

Parent company

The SMBC EU is a subsidiary undertaking of Sumitomo Mitsui Financial Group Inc, which is the ultimate parent company incorporated in Japan. SMFG is the ultimate controlling party.

The largest group in which the results of the Company are consolidated is that headed by Sumitomo Mitsui Financial Group Inc. SMFG's consolidated financial statements can be obtained from its registered office at 1-1-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan.

The smallest group in which they are consolidated is that headed by Sumitomo Mitsui Banking Corporation, SMBC EU's immediate parent. The consolidated financial statements of SMBC can be obtained from its registered office at 1-1-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan.

Related parties

Two or more parties are considered to be related when one party has direct or indirect control over the other party; or the parties are subject to common control from the same source; or one party has influence over the financial and operating policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests.

Key management personnel are the members of the Executive Board of the Company. There were no loans or deposits with or to key management personnel (and their connected persons) of the SMBC EU Group.

KEUR	**01.04.2024 – 31.03.2025**	01.04.2023 – 31.03.2024
Short-term employee benefits	**3,217**	3,148
Other long-term benefits	**369**	296
Termination benefits	**–**	–
Share-based payment	**616**	603
Total	**4,202**	4,047

Amounts receivable from and payable to related parties of the SMBC EU Group are as follows:

	Parent Company		**Other related parties**	
KEUR	**2025**	2024	**2025**	2024
Receivables to banks	**3,014,386**	470,062	**122,662**	55,297
Receivables to customers	**–**	–	**520,132**	98,941
Derivative assets: Hedge accounting	**–**	–	**25,233**	55,052
Trading assets	**16,905**	–	**432,357**	590,398
Remaining assets	**204,947**	164,647	**24,524**	52,663
Total assets	**3,236,238**	634,708	**1,124,908**	852,352
Liabilities to banks	**6,275,683**	4,266,992	**254,406**	1,377
Liabilities to customers	**–**	–	**100,088**	16,602
Debt securities in issue	**–**	–	**–**	–
Derivative liabilities: Hedge accounting	**–**	–	**14,461**	2,818
Trading liabilities	**–**	–	**578,010**	680,297
Provisions	**184**	2,514	**–**	11,109
Remaining liabilities	**11,564**	12,027	**86,477**	107,207
Total liabilities	**6,287,432**	4,281,533	**1,033,443**	819,410

Loans and credits are granted to affiliated companies at arm's length conditions in the ordinary course of business of the SMBC EU Group.

SMBC EU Group receives collateral from SMBC, consisting of cash (part of amounts due to the parent company) of EUR 5,063.53 million (PY: EUR 3,115.03 million) to mitigate large exposures on intra-group positions. Deposits are taken in the ordinary course of business and on the same terms as comparable transactions with third parties.

Guarantees received from or given to related parties of the SMBC EU Group are as follows:

	Parent Company		Other related parties	
KEUR	**2025**	2024	**2025**	2024
Guarantees received	**919,389**	910,904	**189.725**	129.000
Guarantees given	**12,055**	9,734	**334**	334

Amounts recognised in the statement of comprehensive income in respect of related party transactions are as follows:

	Parent Company		Other related parties	
KEUR	**2025**	2024	**2025**	2024
Interest income	**47,420**	8,016	**79.808**	59.037
Interest expenses	**(222,283)**	(124,845)	**(30.674)**	(21.608)
Fee and commission income	**81,018**	62,426	**11.266**	15.435
Fee and commission expense	**(11,494)**	(6,371)	**(71.019)**	(74.866)
Other revenues	**7,366**	7,826	**3.268**	4.061
Other expenses	**(17,044)**	(12,103)	**(59.054)**	(54.931)
Net trading	**(22,627)**	(10,830)	**94.403**	(88.746)
Result from hedging relationships	**–**	–	**(33.863)**	(30.745)
Total	**(137,643)**	(75,882)	**(5,866)**	(192.363)

3. Financial Risk Management

The risks relating to financial instruments and the way in which the SMBC EU Group manages these are described below.

Credit risk

Credit risk is the risk of any losses the SMBC EU Group may incur due to a reduction or loss of the value of assets (including off-balance sheet obligations consisting of financial guarantees issued and loan commitments) arising from any credit events, such as for example the deterioration of a borrower's financial standing.

Credit assessment

The SMBC EU Group assesses and manages the credit risk of individual loans and credit portfolios on a consistent quantitative basis utilising an internal rating system.

The rating system consists of two indicators, namely:

- the obligor grading, which indicates the creditworthiness of the borrower; and
- the facility grading, which indicates the probability of repayment of each facility.

Facility grades are assigned based on the borrower's obligor grading and transaction terms such as guarantee, maturity and collateral.

The SMBC EU Group's internal grading and borrower categories are set out in the table below, and are used for the purposes of determining the SMBC EU Groups credit quality of obligors.

G grade*	J grade*	
Code	Code	Borrowers' category
G1	J1	Normal borrowers
G2	J2	Normal borrowers
G3	J3	Normal borrowers
G4	J4	Normal borrowers
G5	J5	Normal borrowers
G6	J6	Normal borrowers
(G7A, G7B)	(J7A, J7B)	Borrowers requiring caution
G7R	J7R	Substandard borrowers
G8	J8	Potentially bankrupt borrowers
G9	J9	Virtually bankrupt borrowers
G10	J10	Bankrupt borrowers

* G grade – non-Japanese borrowers, J Grade – Japanese borrowers.

The internal ratings G7R through to G10 and J7R through to J10 are recognised as 'Default' in terms of EU Capital Requirements Directive IV and in line with regulatory default definition. These are generally assigned to stage 3 and are "credit-impaired" as defined by IFRS Accounting Standards.

Credit monitoring

Credit monitoring is carried out through an ongoing reassessment of obligor grades involving:

- annual monitoring following financial results disclosures; and
- ad-hoc monitoring in case credit conditions deteriorate.

Should a customer be downgraded or considered a likely candidate for future downgrade(s) to below 'Normal borrower' category, the customer is added to the special credit borrower list and reported to management.

To minimise the potential loss that may arise from any model failure and/or inadequate usage of the models and systems, the SMBC EU Group has appropriate policies in place to manage its models and grading systems. The SMBC EU Group's Credit Risk Control Unit performs validation of the grading models at least annually to ensure the appropriateness of the grading models.

The SMBC EU Group regularly monitors the credit risks associated with wider aspects of its business, such as specific country exposure, products, industries etc. on a portfolio basis. The SMBC EU Group also undertakes regular stress tests on its portfolio to ensure adequate capital is kept at all times to cover potential losses incurred during extreme events such as the COVID-19 pandemic.

Expected credit losses

Accounting for impairment provisions

Impairment provisions are accounted for in line with IFRS 9 'Financial Instruments – Classification and Measurement'. The SMBC EU Group applies a three-stage approach to measuring ECL for the following categories of financial instruments that are not measured at FVTPL:

- Receivables to banks and customers measured at amortised cost.
- Debt instruments measured at amortised cost and FVOCI.
- Loan commitments.
- Financial guarantee contracts.

The SMBC EU Group has grouped its financial instruments into Stage 1, Stage 2 and Stage 3, based on the implied impairment methodology, as described below:

Stage 1: 12-month ECL – For performing financial instruments where there has not been a significant deterioration in their credit quality since initial recognition, the SMBC EU Group recognises an allowance for the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months.

Stage 2: Lifetime ECL – For financial instruments where there has been a significant increase in credit risk since initial recognition, but they are not credit-impaired, the SMBC EU Group recognises an allowance for the lifetime ECL.

Stage 3: Credit-impaired – Financial instrument exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the instrument have occurred. For financial instruments that have been assessed as credit-impaired, the SMBC EU Group recognises an allowance for the lifetime ECLs.

Determining the stage for impairment

At each balance sheet date, for loans carried at amortised cost, as well as for loan commitments, financial guarantee contracts and debt securities carried at FVOCI, the SMBC EU Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default between the balance sheet date and the date of initial recognition. Credit risk is assessed either individually to financial assets, or collectively to a portfolio of similar, homogenous assets.

Significant increase in credit risk (SICR)

In determining whether the credit risk of a financial instrument has increased significantly since initial recognition, the SMBC EU Group considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, provided that this information is relevant to the credit risk of the financial instrument in question and can be obtained without undue cost or effort. The SMBC EU Group assesses the significant increase in credit risk using both quantitative and qualitative information.

Determining whether SICR takes place

SMBC EU Group follows a robust event-based framework of determining SICR. The SMBC EU Group uses the quantitative factor of a change in the probability of default (PD) based on the grading of each loan as well as additional factors such as 30 days past due and whether a customer is on the Credit Alarm System (Watch List) in order to determine whether a significant increase in the credit risk of a financial instrument has taken place.

SMBC EU Group has enhanced the staging model to a methodology that uses a forward-looking approach to determine the appropriate stage. The forward-looking grade calculated takes consideration of the future state of the economy. SMBC EU Group applies a grading-based review on each exposure by comparing grade at origination and forward-looking grade at reporting date. The SMBC EU Group uses relative PD threshold based on grading as a quantitative criterion for identifying significant increase in credit risk. The threshold was assessed based on historical default data. The threshold value compares the annualised probability of default at the end of the term on the reporting date with the annualised probability of default at the end of the term expected for this line for this period. The threshold used depends on the rating and is defined as an absolute change in PD for good to very good rating classes 0.1% PD change for very good and 0.3% for good rating classes. For rating classes G4-G6, a relative PD change of 50% is defined as significant.

The SMBC EU Group uses an additional criterion of 30 days overdue to determine a significant increase in the risk of default. The number of days overdue is calculated by counting the number of days from the first day on which the payment was not received in full. The payment dates are determined without taking into account the grace period that may be granted to the borrower. In addition, the inclusion in the watch list for customers with the ratings G/J 5 and G/J 6 is an indicator of a significant increase in the risk of default. This applies to customers who are classified as 'Normal Borrowers' but are classified for additional monitoring due to a deterioration in creditworthiness.

A line is considered to be a line with a significant increase in the credit risk if one of the above-described cases is met.

Recognition of financial assets as impaired (Stage 3)

Risk exposures are assessed as impaired when one or more events have occurred that adversely affect the estimated future cash flows of the instrument. For financial instruments that are classified as credit-impaired, the SMBC EU Group makes a value adjustment for the lifetime ECLs.

A risk position is classified as defaulted if a default, as defined below, has occurred.

Default definition

The definition of default for the purpose of determining ECLs has been aligned to the Capital Requirements Regulation Article 178 definition of default, to maintain a consistent approach with IFRS 9 and associated regulatory guidance. The following events generally provide objective evidence of a default situation:

- The management bodies of the borrower/group of borrowers decide to reorganise or liquidate the borrower and/or any bankruptcy proceedings or involuntary liquidation in respect of the borrower is initiated (either by the borrower itself or by any third parties) and/or an external manager, provisional manager, liquidator or commissioner is appointed.
- Delinquency exceeds three months. Delinquency is considered to be caused by the deterioration of business conditions or constrained cash flow (and including cases in which only interest is not paid, but there is no delay in repayment of the principal).
- The loan is restructured towards the more favourable conditions for a borrower, in the absence of which the borrower could not fulfil the obligations towards the SMBC EU Group properly.
- Breach of financial covenants, which, in the reasonable opinion of the SMBC EU Group, may result in improper fulfilment of obligations by the borrower.
- Any other event happens in relation to the borrower/group of borrowers that, in the SMBC EU Group's opinion, can cause improper fulfilment of obligations by the borrower.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, the impairment provision reverts from lifetime ECL to 12-month ECL.

The SMBC EU Group recognises write-offs when the Bank assesses there is no prospect of further recoveries, typically on liquidation of the counterparty.

Improvement of credit quality

If a financial asset classified in Stage 2 shows an improvement in credit quality, then this asset can be reclassified in Stage 1. No probation period is applied as the latest grading will reflect the customer's current financial creditworthiness with consideration of any near-term factors which could impact the customer grade already taken into account.

Movement from Stage 3 to Stage 2 or 1 is dependent on individual assessment. All relevant factors in relation to the creditworthiness of the customer will be taken into account before a customer is upgraded and moved out of Stage 3. The Stage 3 exposures with forbearance measures in place have to go through, in addition to the above requirements, a minimum cure period of two years as a normal borrower before they can be moved out of Stage 3. There have been no such movements during the year.

Grades (credit ratings)

The SMBC EU Group assigns appropriate grades to each exposure based on data that is used to predict the risk of default and by applying expert judgement on credit quality. Ratings are determined based on qualitative and quantitative factors, and indicators of the risk of default. These factors vary depending on the type of the borrower and exposure itself.

Grades are determined in a way that the risk of default increases significantly as credit quality deteriorates. For example, the difference between grades 1 and 2 is less than the difference between grades 2 and 3.

Each exposure is assigned with a particular grade at the date of the initial recognition based on the information available. These exposures are subject to continuous monitoring. So, the grade assigned to the exposure could change since the date of the initial recognition.

Monitoring usually includes the analysis of the following data:

- Information obtained as a result of analysis of the borrowers on a periodic basis: audited financial statements, management accounts, budgets, forecasts and plans.
- Credit rating agencies' data, publications and information on changes in external credit ratings.
- Bond and credit default swap quotes, if such information is available.
- Actual and expected significant changes in political, regulatory and technological environments that could influence the borrower's business.

Creation of provisions

The calculation of ECLs is based on the following metrics:

- Probability of default (PD).
- Loss given default (LGD).
- Exposure at default (EAD).

The LGD model uses the Frye-Jacob approach as its theoretical basis. The model is based on the assumption that the default rate and the loss rate move simultaneously with the systemic risk. Therefore, the LGD change can be described as a function of the PD and the PD change, and the LGD can consequently be determined from the modelled PD. Accordingly, the LGD uses the same macroeconomic variables as the PD model.

The EAD model is used to estimate the EAD over the entire lifetime, for level 2, or the next 12 months for level 1, which is used in the ECL calculation. This model forecasts the undrawn amount using the estimated credit conversion factor (CCF) and calculates the drawn amount of the facilities, also taking into account the defined repayment and drawing schedule. Moreover, there is a fallback component is added if no suitable macroeconomic variables are found for the CCF forecast. In this approach, the CCF for each scenario is determined based on the quantile of the annual historical CCF distribution. Each scenario weight/probability is used to calculate the corresponding CCF.

In order to calculate ECL for loans provided to corporate clients and banks, the SMBC EU Group adjusts the annual value of PD in proportion to the term of the financial instrument.

Probability of default

The PD is modelled using credit ratings transition matrices that were created based on internal and external statistics. The transition matrix shows the expected migration of a customer at a specific grade to alternative grades over a period of time. The SMBC EU Group uses two sets of transition matrices to forecast PD, including transition matrices for borrowers whose parent companies are located in Japan and transition matrices for borrowers whose parent companies are residents of other countries. The value of PD is determined based on macroeconomic forecasts, including the dynamics of equity prices and GDP.

Grades are the main inputs that are used for creation of the PD for positions exposed to credit risk. The SMBC EU Group collects information on the debt service quality and default level of exposures, analysed depending on jurisdiction or region, type of product and borrower, and also depending on the rating of the credit risk.

The SMBC EU Group uses statistical models to analyse the collected data and to obtain estimates of the PD for the remaining period for positions exposed to credit risk and expectations of their changes in the future.

This analysis involves estimating and calibrating the correlation between changes in default levels and changes in key macroeconomic factors. The analysis is based on a single-factor model, the so-called credit cycle index.

The SMBC EU Group uses GDP dynamics for the EU and Japan, and unemployment rates for the UK, as key macroeconomic factors to determine the PD of positions exposed to credit risk.

The SMBC EU Group uses these forecasts to adjust PD estimates.

Macroeconomic forecasts

Depending on the client, the SMBC EU Group defines the share price in the EU and the UK, as well as the GDP of the EU and the UK, as key macroeconomic factors in the PD, LGD and EAD models.

For each key macroeconomic factor, the SMBC EU Group estimates four scenarios: a base, optimistic, pessimistic (moderate) and pessimistic (severe) scenario. The base scenario is based on third party subject matter expert forecasts and is parameterised internally to give optimistic and pessimistic scenarios. Each scenario has a probability of occurring assigned as follows:

- Optimistic: 16% (PY: 10%)
- Base: 44% (PY: 46%)
- Moderate pessimistic: 23% (PY: 26%)
- Severe stress: 17% (PY: 18%)

Measurement of expected credit losses

ECLs are derived from probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the balance sheet date: as the present value of payment defaults from loss events in the next 12 months of the financial asset, discounted at the effective interest rate for assets classified at stage 1, or cash value payment defaults from loss events over the remaining term of the financial asset, discounted with the effective interest rate for assets classified as stage 2
- Financial assets that are credit-impaired at the balance sheet date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the SMBC EU Group if the commitment is drawn down and the cash flows that the SMBC EU Group expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less than any amounts that the SMBC EU Group expects to recover.

Movement in ECLs is recognised as an impairment loss in the income statement and, for financial assets measured at amortised cost, as a deduction from the gross carrying amount of the assets. For debt securities measured at FVOCI, no loss allowance is recognised in the balance sheet as the carrying amount of the assets is equal to their fair value. However, the SMBC EU Group recognises the impairment in the income statement. For undrawn credit commitments and financial guarantees that are recorded off-balance, the SMBC EU Group recognises the impairment in the income statement with the corresponding amount recorded in other provisions in the balance sheet.

Forward-looking information

The SMBC EU Group incorporates forward-looking information into the assessment of whether the default risk of an instrument has increased significantly since initial recognition, as well as into the forward-looking estimate of PD and LGD when measuring ECL.

Methods of estimation and creation of provision for credit losses

The SMBC EU Group estimates provisions for credit losses at the transaction level for all financial instruments.

Expected life

For term loans, the expected life of the transactions is based on contractual maturity.

For revolving credit facilities, a model linked to the macroeconomic variables is used to predict utilisation rates.

Purchased or originated credit-impaired

As of 31 March 2025, SMBC EU Group did not hold any financial assets that are purchased or originated credit-impaired (PY: none).

Governance

The ECL models are all subject to the SMBC EU Group's model governance framework.

The macroeconomic factors for the base and pessimistic scenarios are sourced from external subject matter experts whilst the optimistic scenario is derived internally. These are reviewed and challenged by internal subject matter experts. The macroeconomic factors are presented for review and approval to the Credit Prudential Risk Management Committee. These are subsequently presented for review and final approval to the Executive Board. The Executive Board also reviews and considers the weightings applied to each scenario.

Financial risk management – Credit risk – Credit quality and stage per class of financial asset

The following tables show the gross exposure and related impairments allowance by stage and grading as of 31 March 2025 and 31 March 2024.

As of 31 March 2025	Internal	Gross Exposure			ECL			Net Exposure
KEUR	grading	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Cash and balances at central banks at amortised cost		113,781.1	–	–	–	–	–	113,781.1
Normal borrowers – investment grade	1–3	113,781.1	–	–	–	–	–	113,781.1
Normal borrowers – non-investment grade	4–6	–	–	–	–	–	–	–
Borrowers requiring caution	7A, 7B	–	–	–	–	–	–	–
Substandard borrowers and below	7R, 8–10	–	–	–	–	–	–	–
Receivables to banks at amortised cost		10,594,660.6	–	–	0.1	–	–	10,594,660.5
Normal borrowers – investment grade	1–3	10,594,660.6	–	–	0.1	–	–	10,594,660.5
Normal borrowers – non-investment grade	4–6	–	–	–	–	–	–	–
Borrowers requiring caution	7A, 7B	–	–	–	–	–	–	–
Substandard borrowers and below	7R, 8–10	–	–	–	–	–	–	–
Receivables to customers at amortised cost		12,015,187.6	1,200,999.7	62,008.1	8,764.2	32,204.9	16,330.6	13,220,895.7
Normal borrowers – investment grade	1–3	10,749,504.5	228,939.6	–	4,953.4	267.2	–	10,973,223.5
Normal borrowers – non-investment grade	4–6	1,265,683.1	842,432.6	–	3,810.7	25,819.3	–	2,078,485.7
Borrowers requiring caution	7A, 7B	–	129,627.4	–	–	6,118.4	–	123,509.0
Substandard borrowers and below	7R, 8–10	–	–	62,008.1	–	–	16,330.6	45,677.5
Investment securities at amortised cost		105,151.5	–	–	4.5	–	–	105,146.9
Normal borrowers – investment grade	1–3	105,151.5	–	–	4.5	–	–	105,146.9
Normal borrowers – non-investment grade	4–6	–	–	–	–	–	–	–
Borrowers requiring caution	7A, 7B	–	–	–	–	–	–	–
Substandard borrowers and below	7R, 8–10	–	–	–	–	–	–	–
Investment securities at FVOCI		90,186.7	–	–	–	–	–	90,186.7
Normal borrowers – investment grade	1–3	90,186.7	–	–	–	–	–	90,186.7
Normal borrowers – non-investment grade	4–6	–	–	–	–	–	–	–
Borrowers requiring caution	7A, 7B	–	–	–	–	–	–	–
Substandard borrowers and below	7R, 8–10	–	–	–	–	–	–	–
Off-balance sheet loans and commitments and financial guarantee contracts		15,782,673.0	340,890.2	1,622.4	3,913.0	5,068.5	145.0	16,116,059.1
Normal borrowers – investment grade	1–3	14,694,576.3	–	–	2,444.1	–	–	14,692,132.3
Normal borrowers – non-investment grade	4–6	1,088,096.7	198,089.4	–	1,468.9	3,190.8	–	1,281,526.3
Borrowers requiring caution	7A, 7B	–	142,800.8	–	–	1,877.7	–	140,923.1
Substandard borrowers and below	7R, 8–10	–	–	1,622.4	–	–	145.0	1,477.4

In addition to the ECL disclosed above, there is EUR nil ECL in relation to other financial assets.

As of 31 March 2024 KEUR	Internal grading	Gross Exposure Stage 1	Stage 2	Stage 3	ECL Stage 1	Stage 2	Stage 3	Net Exposure
Cash and balances at central banks at amortised cost		161,792.8	–	–	–	–	–	161,792.8
Normal borrowers – investment grade	1–3	161,792.8	–	–	–	–	–	–
Normal borrowers – non-investment grade	4–6	–	–	–	–	–	–	–
Borrowers requiring caution	7A, 7B	–	–	–	–	–	–	–
Substandard borrowers and below	7R, 8–10	–	–	–	–	–	–	–
Receivables to banks at amortised cost		9,420,728.7	–	–	282.3	–	–	9,420,446.4
Normal borrowers – investment grade	1–3	9,420,728.7	–	–	282.3	–	–	9,420,446.4
Normal borrowers – non-investment grade	4–6	–	–	–	–	–	–	–
Borrowers requiring caution	7A, 7B	–	–	–	–	–	–	–
Substandard borrowers and below	7R, 8–10	–	–	–	–	–	–	–
Receivables to customers at amortised cost		11,231,726.1	280,244.0	70,127.6	8,810.6	18,960.0	20,093.6	11,534,233.6
Normal borrowers – investment grade	1–3	9,413,186.3	145,450.0	–	5,178.3	8,108.1	–	9,545,349.9
Normal borrowers – non-investment grade	4–6	1,818,539.9	133,790.0	–	3,632.3	9,980.0	–	1,938,717.4
Borrowers requiring caution	7A, 7B	–	1,004.2	–	–	871.9	–	132.3
Substandard borrowers and below	7R, 8–10	–	–	70,127.6	–	–	20,093.6	50,034.0
Investment securities at amortised cost		115,036.50	–	–	4.8	–	–	115,031.7
Normal borrowers – investment grade	1–3	115,036.50	–	–	4.8	–	–	115,031.7
Normal borrowers – non-investment grade	4–6	–	–	–	–	–	–	–
Borrowers requiring caution	7A, 7B	–	–	–	–	–	–	–
Substandard borrowers and below	7R, 8–10	–	–	–	–	–	–	–
Investment securities at FVOCI		87,397.4	–	–	–	–	–	87,397.4
Normal borrowers – investment grade	1–3	87,397.4	–	–	–	–	–	87,397.4
Normal borrowers – non-investment grade	4–6	–	–	–	–	–	–	–
Borrowers requiring caution	7A, 7B	–	–	–	–	–	–	–
Substandard borrowers and below	7R, 8–10	–	–	–	–	–	–	–
Off-balance sheet loans and commitments and financial guarantee contracts		14,842,599.3	76,428.7	35,329.6	5,180.9	1,610.1	13,304.7	14,934,262.0
Normal borrowers – investment grade	1–3	13,814,432.6	37,344.7	–	3,186.7	1,193.2	–	13,847,397.4
Normal borrowers – non-investment grade	4–6	1,028,166.7	38,738.0	–	1,994.2	405.5	–	1,064,505.0
Borrowers requiring caution	7A, 7B	–	346.0	–	–	11.4	–	334.6
Substandard borrowers and below	7R, 8–10	–	–	35,329.6	–	–	13,304.7	22,024.9

In addition to the ECL disclosed above, there is EUR nil ECL in relation to other financial assets.

Financial risk management – Credit risk – Sensitivity analysis of ECL due to staging

The measurement of ECL involves increased complexity and judgement, including estimation of probability of default (PD), loss given default (LGD), range of unbiased future economic scenarios, estimation of expected lives, estimation of exposure at default (EAD) and assessing significant increases in credit risk.

The table below shows the ECL assuming each scenario has been 100% weighted to show the impact of alternative scenarios.

As of 31 March 2025 KEUR	**Weighted ECL**	**Severe pessimistic**	**Moderate pessimistic**	**Base**	**Optimistic**
Original model results	**45,293.24**	**65,014.32**	**52,119.65**	**39,974.28**	**29,153.80**

As of 31 March 2024 KEUR	Weighted ECL	Severe pessimistic	Moderate pessimistic	Base	Optimistic
Original model results	20,114.8	42,028.0	21,534.8	11,746.0	7,746.5

Financial risk management – Credit risk – Macroeconomic scenarios and sensitivity analysis of key sources of estimation uncertainty

Macroeconomic scenarios

The SMBC EU Group has used a four-scenario model to calculate ECL at year-end. The base case forecast has been sourced externally and two downside scenarios and one upside scenario have been derived. An overview of the four scenarios used at the year-end is as follows:

Optimistic scenario – produced internally using an in-house scenario generator. Assumes:

- The US applies tariffs selectively only to certain products and countries, to support domestic industries, and successfully address their other concerns amicably.
- US-led ceasefire proposals for Israel-Gaza and Russia-Ukraine conflicts are agreed upon, by all major stakeholders, leading to peace in the foreseeable future.
- Growing tariff certainty and improving sanctions environment relieves supply chain pressures.
- Consumer confidence experiences a broader uptick across large economies. Strong economic growth is experienced around the globe leading to financial markets being particularly buoyant with a rebound in many equity indices.

Base scenario – sourced externally. Assumes:

- The US implements tariffs on major trading partners to a much higher degree than initially announced by President Trump.
- Most of those trading partners implement retaliatory tariffs on US goods.
- Germany plans a spending ramp-up in defense and infrastructure.
- Slow economic growth in the next three years, inflation stays steady between 2% - 3% in all regions, allowing for gradual rate cuts.

Moderate pessimistic scenario – produced internally. Assumes:

- The Trump administration places tariffs on all major imports. While China is a key target, tariffs are applied also on allies like the UK, the EU, Canada and Mexico, who respond cautiously.
- The economic environment is strained due to geopolitical tensions and tariffs. The EU is affected considerably by tariffs; the UK is affected to a lesser extent.
- Consumer confidence falls globally, and plummeting demand for goods and services brings major economies into recession. A slight uptick in inflation is followed by a sharp decline, except for the US, where the decline is more gradual.
- Consumer confidence is still fragile, and the global economy (including UK and EU) is in a moderate recession.

Severe pessimistic scenario – produced internally. The forecast for this scenario is in line with the SMBC EU Group's ICAAP stress test and its severity has been benchmarked to those from the European Banking Authority (EBA) and Oxford Economics. Assumes:

- A global recession (supply shock) scenario is driven by the US' aggressive trade tariff policy and conflicts in the Middle East, leading to severe supply side shocks spiking inflation significantly across major economies.
- The US introduces steep tariffs on major imports. There is a tit-for-tat style escalation in the tariff wars, impacting supply chains.
- Increasing oil and commodity prices, as well as tariffs, cause inflation to spiral, necessitating aggressive rate hikes. Severe sell-offs happen in the financial markets. The global economy (including UK and EU) is in a severe recession.

Scenario weightings

The SMBC EU Group's ECL scenario weighting methodology is based on statistical modelling taking into consideration the average value of the three-year forecasts. To determine the weights for alternative scenarios, the SMBC EU Group computes a three-year forecast average for each macroeconomic parameter, compares it to its historical values and identifies the percentile that it is closest to. The final scenario percentile is the average percentile across all parameters for each scenario. The base weight is 100% less than the sum of alternative weights. The scenario weights are reviewed internally and by external economists.

The tables below show the probability weightings applied to each scenario and the key macroeconomic variables by scenario used in the ECL calculation.

As of 31 March 2025 **Percentage**	**Severe pessimistic**	**Moderate pessimistic**	**Base**	**Optimistic**
Scenario probability weightings	**17**	**23**	**44**	**16**

As of 31 March 2024 Percentage	Severe pessimistic	Moderate pessimistic	Base	Optimistic
Scenario probability weightings	18	26	46	10

		Key macroeconomic variables			
As of 31 March 2025 **Percentage**		**Severe pessimistic**	**Moderate pessimistic**	**Base**	**Optimistic**
Economic and Monetary Union GDP Real	2025	**(3.5)**	**(1.1)**	**0.8**	**1.3**
	2026	**(4.4)**	**(1.3)**	**1.4**	**2.4**
	2027	**(1.9)**	**(0.4)**	**1.6**	**2.0**
	2028	**(0.1)**	**0.4**	**1.5**	**1.8**
Economic and Monetary Union Equity	2025	**(5.0)**	**(0.2)**	**1.9**	**13.4**
	2026	**(24.2)**	**(13.1)**	**(2.9)**	**19.6**
	2027	**(13.0)**	**(6.9)**	**(0.7)**	**12.2**
	2028	**(7.0)**	**(2.3)**	**(0.5)**	**4.6**
Japan Nominal GDP	2025	**3.8**	**3.8**	**3.9**	**3.8**
	2026	**1.8**	**3.2**	**4.0**	**4.8**
	2027	**2.1**	**3.1**	**3.5**	**4.1**
	2028	**2.5**	**2.8**	**3.1**	**3.6**

		Key macroeconomic variables			
As of 31 March 2024 Percentage		Severe pessimistic	Moderate pessimistic	Base	Optimistic
Economic and Monetary Union GDP Real	2024	(2.3)	(0.5)	0.5	2.3
	2025	(2.7)	(0.9)	1.5	3.9
	2026	0.0	0.8	1.6	2.4
	2027	0.9	1.1	1.6	2.6
Economic and Monetary Union Equity	2024	(3.0)	(1.3)	5.0	12.6
	2025	(18.4)	(13.7)	(0.8)	36.3
	2026	(3.4)	(3.2)	(2.1)	8.5
	2027	(3.9)	(2.5)	(1.2)	9.0
Japan Nominal GDP	2024	5.4	5.3	5.3	5.6
	2025	1.6	2.3	3.6	4.0
	2026	3.3	3.9	3.2	3.5
	2027	3.0	4.5	3.0	3.3

Financial risk management – Credit risk – Movement in impairment provisions

The following tables present a reconciliation of the opening to closing balance of the exposure and impairment allowance for financial assets at amortised cost. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 12-month period.

Financial assets at amortised cost:

As of 31 March 2025	**Gross exposure**				**Impairment allowance**			
KEUR	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at beginning of year	**21,016,681.6**	**280,244.0**	**70,127.6**	**21,367,053.2**	**9,097.7**	**18,960.0**	**20,093.6**	**48,151.2**
Transfers from Stage 1 to 2	**(694,504.6)**	**694,504.6**	**–**	**–**	**(2,069.4)**	**2,069.4**	**–**	**–**
Transfers from Stage 2 to 1	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers to Stage 3	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfers from Stage 3	**2,205.9**	**16,911.8**	**(19,117.6)**	**–**	**253.7**	**1,944.8**	**(2,198.5)**	**–**
New business	**6,509,721.7**	**–**	**–**	**6,509,721.7**	**5,964.1**	**–**	**–**	**5,964.1**
Net drawdowns, repayments and movements due to exposure and risk parameter changes	**1,985,636.1**	**258,025.0**	**10,998.1**	**2,344,845.8**	**(901.3)**	**10,172.1**	**(1,564.5)**	**7,706.3**
Financial assets derecognised	**(5,990,959.9)**	**(48,685.7)**	**–**	**(6,039,645.6)**	**(3,576.0)**	**(941.4)**	**–**	**(4,517.4)**
Write-offs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at end of year	**22,828,780.8**	**1,200,999.7**	**62,008.1**	**24,019,788.6**	**8,768.8**	**32,204.9**	**16,330.6**	**57,304.3**

The above risk provisions and movements relate to claims on banks and customers, as well as securities.

The movement in gross exposure between the beginning and the end of the period relates to origination and derecognition in the normal course of business with no movements arising as a result of modification. The main drivers of the movements between the stages can be summarised in three points:

- The macroeconomic parameters have remained rather stable during the fiscal year, but there has been an adjustment in the weights of the macro-scenarios.
- One client has recovered from Stage 3, accounting for EUR 2.2 million impact on Stage 3 impairment.
- The transfers from Stage 1 to Stage 2, and thus the increase in Stage 2 impairment, are driven by two clients, with an impact of around EUR 8 million on impairment.

As of 31 March 2024	Gross exposure				Impairment allowance			
KEUR	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	15,727,175.5	340,199.6	17,374.6	16,084,749.7	6,169.4	4,532.8	9,060.0	19,762.2
Transfers from Stage 1 to 2	(208,535.4)	208,535.4	–	–	(1,819.1)	1,819.1	–	–
Transfers from Stage 2 to 1	173,131.2	(173,131.2)	–	–	293.8	(293.8)	–	–
Transfers to Stage 3	(53,606.2)	–	53,606.2	–	(182.6)	–	182.6	–
Transfers from Stage 3	–	–	–	–	–	–	–	–
New business	6,356,279.0	–	–	6,356,279.0	4,365.2	–	–	4,365.2
Net drawdowns, repayments and movements due to exposure and risk parameter changes	3,340,363.4	(51,873.9)	(853.1)	3,287,636.4	899.4	15,727.7	10,851.1	27,478.2
Financial assets derecognised	(4,318,125.9)	(43,485.9)	–	(4,361,611.8)	(628.4)	(2,825.9)	–	(3,454.3)
Write-offs	–	–	–	–	–	–	–	–
Balance at end of year	21,016,681.6	280,244.0	70,127.6	21,367,053.2	9,097.7	18,960.0	20,093.6	48,151.2

The following tables present a reconciliation of the opening to closing balance of the exposure and impairment allowance for loan commitments and financial guarantees.

The effects described above on the recalibration of the macroeconomic assumptions are equally applicable to the off-balance-sheet items.

Loan commitments and financial guarantees

As of 31 March 2025	Gross exposure				Impairment allowance			
KEUR	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	14,842,599.3	76,428.8	35,329.6	14,954,357.7	5,180.9	3,280.0	13,304.7	21,765.6
Transfers from Stage 1 to 2	(306,944.1)	306,944.1	–	–	(515.3)	515.3	–	–
Transfers from Stage 2 to 1	272.7	(272.7)	–	–	3.4	(3.4)	–	–
Transfers to Stage 3	–	–	–	–	–	–	–	–
Transfers from Stage 3	–	–	–	–	–	–	–	–
New business	5,676,671.1	–	–	5,676,671.1	1,931.4	–	–	1,931.4
Net drawdowns, repayments and movements due to exposure and risk parameter changes	(1,644,256.0)	(584.6)	(33,707.2)	(1,678,547.9)	(2,084.1)	1,365.6	(2,076.2)	(2,794.8)
Financial assets derecognised	(2,785,702.0)	(41,625.3)	–	(2,827,327.3)	(603.2)	(89.0)	(11,083.5)	(11,775.7)
Write-offs	–	–	–	–	–	–	–	–
Balance at end of year	15,782,641.0	340,890.2	1,622.4	16,125,153.6	3,913.0	5,068.5	145.0	9,126.5

As of 31 March 2024	Gross exposure				Impairment allowance			
KEUR	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2
Balance at beginning of year	12,136,250.1	633,863.4	26,766.7	12,796,880.2	3,344.7	3,845.1	–	7,189.8
Transfers from Stage 1 to 2	(44,778.7)	44,778.7	–	–	(104.9)	104.9	–	–
Transfers from Stage 2 to 1	354,844.8	(354,844.8)	–	–	348.2	(348.2)	–	–
Transfers to Stage 3	(4,305.7)	–	4,305.7	–	(53.9)	–	53.9	–
Transfers from Stage 3	–	–	–	–	–	–	–	–
New business	5,511,155.4	–	–	5,511,155.4	2,156.9	–	–	2,156.9
Net drawdowns, repayments and movements due to exposure and risk parameter changes	1,960,581.9	(125,849.6)	4,257.2	1,838,989.5	1,254.7	2,892.6	13,250.8	17,398.2
Financial assets derecognised	(5,071,148.5)	(121,519.0)	–	(5,192,667.5)	(1,764.9)	(3,214.4)	–	(4,979.3)
Write-offs	–	–	–	–	–	–	–	–
Balance at end of year	14,842,599.3	76,428.8	35,329.6	14,954,357.7	5,180.9	3,280.0	13,304.7	21,765.6

Financial risk management – Analysis of concentration credit risk

The commitment of the most important industrial sectors can be analysed in the following table. The four sectors with the highest exposure are shown separately to identify the concentration risks.

As of 31 March 2025 KEUR	Financial institutions and insurance	Manufacturing	Real estate and leasing	Transportation, communications and other public enterprises	Others	Total
Cash and Balances at central banks	113,781.1	–	–	–	–	113,781.1
Receivables to banks	10,594,660.5	–	–	–	–	10,594,660.5
Receivables to customers	1,303,420.0	2,544,192.9	1,922,945.8	5,120,177.5	2,558,941.3	13,449,677.4
Investment and Liquidity Securities	173,457.4	–	–	–	21,876.2	195,333.6
Derivative assets: Hedge Accounting	25,233.2	–	–	–	–	25,233.2
Trading assets	455,750.0	214,005.7	34,037.1	186,370.5	93,113.1	983,276.3
Total on-balance sheet	12,666,302.2	2,758,198.5	1,956,982.9	5,306,548.0	2,673,930.6	25,361,962.1
Loan commitments and financial guarantees	485,034.9	3,798,579.2	827,853.2	7,746,120.1	3,267,598.1	16,125,185.6
Total	13,151,337.1	6,556,777.8	2,784,836.1	13,052,668.2	5,941,528.7	41,487,147.8

As of 31 March 2024 KEUR	Financial institutions and insurance	Manufacturing	Real estate and leasing	Transportation, communications and other public enterprises	Others	Total
Cash and Balances at central banks	161,792.8	–	–	–	–	161,792.8
Receivables to banks	9,420,446.4	–	–	–	–	9,420,446.4
Receivables to customers	966,934.8	2,793,892.9	1,277,263.9	4,496,659.7	2,255,303.7	11,790,055.0
Investment and Liquidity Securities	199,967.1	2,462.1	–	–	–	202,429.2
Derivative assets: Hedge Accounting	55,052.0	–	–	–	–	55,052.0
Trading assets	622,389.7	261,215.7	37,581.4	189,601.4	155,144.0	1,265,932.2
Total on-balance sheet	11,426,582.8	3,057,570.7	1,314,845.3	4,686,261.2	2,410,447.6	22,895,707.6
Loan commitments and financial guarantees	449,254.2	3,010,867.9	242,366.9	7,023,478.2	4,228,390.5	14,954,357.7
Total	11,875,836.9	6,068,438.7	1,557,212.2	11,709,739.4	6,638,838.1	37,850,065.3

The table below analyses the geographical spread of financial assets based on country of residence of the counterparty. The business of the SMBC Group is heavily focused on Europe, which is why the three European countries with the highest exposure are shown separately for a detailed breakdown.

As of 31 March 2025 **KEUR**	**Germany**	**Italy**	**Netherlands**	**Other Europe**	**Japan**	**Rest of World**	**Total**
Cash and Balances at central banks	**87,841.5**	**–**	**–**	**25,939.6**	**–**	**–**	**113,781.1**
Receivables to banks	**6,025,782.6**	**300,916.4**	**50,896.5**	**1,202,705.5**	**2,930,138.6**	**84,220.9**	**10,594,660.5**
Receivables to customers	**1,175,959.8**	**2,525,072.7**	**2,178,765.3**	**7,121,326.5**	**186,564.7**	**534,988.5**	**13,449,677.4**
Investment and Liquidity Securities	**–**	**–**	**–**	**195,333.6**	**–**	**–**	**195,333.6**
Derivative assets: Hedge Accounting	**–**	**–**	**–**	**25,233.2**	**–**	**–**	**25,233.2**
Trading assets	**68,401.9**	**12,725.0**	**254,065.0**	**638,799.3**	**–**	**9,285.1**	**983,276.3**
Total on-balance sheet	**7,357,985.8**	**2,565,714.1**	**2,483,726.8**	**9,209,337.6**	**3,116,703.3**	**628,494.5**	**25,361,962.1**
Commitments and guarantees	**1,460,419.5**	**4,001,110.9**	**1,925,501.3**	**8,482,922.6**	**290.8**	**254,940.5**	**16,125,185.6**
Total	**8,818,405.3**	**6,566,825.0**	**4,409,228.1**	**17,692,260.2**	**3,116,994.1**	**883,435.0**	**41,487,147.8**

As of 31 March 2024 KEUR	Germany	Italy	Netherlands	Other Europe	Japan	Rest of World	Total
Cash and Balances at central banks	135,299.1	–	–	26,493.7	–	–	161,792.8
Receivables to banks	8,402,346.4	356,554.5	43,461.3	337,385.4	239,512.7	41,186.0	9,420,446.4
Receivables to customers	1,203,989.0	2,007,195.0	1,882,792.2	5,833,662.8	269.3	862,146.7	11,790,055.0
Investment and Liquidity Securities	–	–	–	202,429.2	–	–	202,429.2
Derivative assets: Hedge Accounting	–	–	–	55,052.0	–	–	55,052.0
Trading assets	122,064.4	7,767.1	323,252.4	795,173.9	18.9	17,655.5	1,265,932.2
Total on-balance sheet	9,863,698.9	2,371,516.6	2,249,506.0	7,250,196.9	239,800.9	920,988.2	22,895,707.6
Commitments and guarantees	1,484,407.9	5,113,299.1	1,300,933.1	6,866,973.5	11,466.7	177,277.5	14,954,357.7
Total	11,348,106.8	7,484,815.7	3,550,439.0	14,117,170.4	251,267.6	1,098,265.7	37,850,065.3

Financial risk management – Maximum exposure to credit risk for the components of the statement of financial position, including derivatives

The table below shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives. The maximum exposure is shown gross and does not consider collateral or other credit enhancements.

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Cash and Balances at central banks	**113,781.1**	161,792.8
Receivables to banks	**10,594,660.5**	9,420,446.4
Receivables to customers	**13,449,677.4**	11,790,055.0
Investment and Liquidity Securities	**195,333.6**	202,429.2
Derivative assets: Hedge Accounting	**25,233.2**	55,052.0
Trading assets	**983,276.3**	1,265,932.2
Financial guarantees	**2,142,007.3**	1,956,647.3
Loan commitments	**13,983,178.3**	12,997,710.4
Total	**41,487,147.8**	37,850,065.3

Financial risk management – Received collateral

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Received financial guarantees	**5,413,289.0**	6,317,640.4
Collateral held	**–**	–
of which: Collateral permitted to be sold, repledged, delivered or otherwise used	**–**	–

Other collateral like ships, aircraft, and real estate is not used for regulatory purposes.

Liquidity risk

Liquidity risk is the risk that the SMBC EU Group cannot meet its liabilities or unwind or settle its positions as they become due.

Analysis of liquidity risk

Contractual maturity of financial assets and liabilities form an important source of information used by management for the management of liquidity risk.

Financial risk management – Liquidity risk

The table below provides details on the contractual maturity of financial assets and financial liabilities. Impairment provisions on receivables to banks and customers are included in the 'Up to 3 months' column.

As of 31 March 2025 KEUR	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Total financial assets	**9,737,680.7**	**2,037,229.5**	**11,082,538.4**	**2,504,513.5**	**25,361,962.1**
Cash and Balances at central banks	**113,781.1**	**–**	**–**	**–**	**113,781.1**
Receivables to banks	**9,346,150.6**	**202,310.1**	**1,046,195.8**	**4.0**	**10,594,660.5**
Receivables to customers	**103,211.4**	**1,654,905.2**	**9,498,501.8**	**2,193,059.0**	**13,449,677.4**
Investment and Liquidity Securities	**83,659.4**	**53,393.4**	**49,630.3**	**8,650.5**	**195,333.6**
Derivative assets: Hedge Accounting	**172.8**	**1,565.4**	**11,690.1**	**11,804.9**	**25,233.2**
Trading assets	**90,705.4**	**125,055.4**	**476,520.4**	**290,995.1**	**983,276.3**
Total financial liabilities	**12,115,503.5**	**1,060,672.3**	**4,691,892.8**	**1,729,213.9**	**19,597,282.5**
Liabilities to banks	**1,310,353.4**	**84,586.6**	**4,236,641.0**	**1,432,169.7**	**7,063,750.7**
Liabilities to customers	**10,387,706.1**	**777,348.8**	**393.4**	**–**	**11,165,448.3**
Derivative liabilities: Hedge Accounting	**–**	**2,003.4**	**6,689.5**	**5,768.3**	**14,461.3**
Trading liabilities	**99,301.2**	**121,531.6**	**448,168.9**	**291,275.8**	**960,277.5**
Debt securities in issue	**318,142.9**	**75,201.9**	**–**	**–**	**393,344.8**
Cumulative gap financial assets less financial liabilities	**(2,377,822.8)**	**976,557.2**	**6,390,645.6**	**775,299.6**	**5,764,679.6**

As of 31 March 2024 KEUR	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Total financial assets	11,401,451.7	1,829,948.8	7,685,405.0	1,978,902.1	22,895,707.6
Cash and Balances at central banks	161,792.8	–	–	–	161,792.8
Receivables to banks	8,921,360.4	42,917.2	456,168.8	–	9,420,446.4
Receivables to customers	2,010,874.9	1,317,047.6	6,528,216.5	1,933,916.0	11,790,055.0
Investment and Liquidity Securities	67,678.4	47,353.3	67,769.5	19,627.9	202,429.2
Derivative assets: Hedge Accounting	51,099.1	644.7	3,308.2	–	55,052.0
Trading assets	188,646.0	421,986.0	629,942.1	25,358.1	1,265,932.2
Total financial liabilities	12,285,429.6	793,878.8	3,503,716.5	627,377.8	17,210,402.7
Liabilities to banks	749,523.9	348,772.6	2,878,711.6	601,550.0	4,578,558.1
Liabilities to customers	11,353,670.7	23,720.1	268.2	–	11,377,659.0
Derivative liabilities: Hedge Accounting	445.5	1,666.6	705.8	–	2,817.9
Trading liabilities	181,789.4	419,719.5	624,031.0	25,827.8	1,251,367.7
Cumulative gap financial assets less financial liabilities	(883,977.9)	1,036,070.0	4,181,688.5	1,351,524.3	5,685,304.9

The table below shows the contractual maturity cash flow analysis of interest and principal balances for liabilities, issued financial guarantee contracts and unrecognised loan commitments on the basis of undiscounted cashflows.

As of 31 March 2025 KEUR	**Up to 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
Liabilities to banks/customers	**12,390,784.8**	**994,893.1**	**4,717,879.6**	**1,411,250.0**	**19,514,807.5**
Debt securities in issue	**348,869.6**	**46,232.1**	**–**	**–**	**395,101.7**
Issued financial guarantee contracts	**86,719.0**	**183,929.5**	**496,735.6**	**1,374,623.2**	**2,142,007.3**
Unrecognised loan commitments	**562,237.5**	**383,079.8**	**10,531,859.1**	**2,506,001.9**	**13,983,178.3**
Total	**13,388,610.9**	**1,608,134.5**	**15,746,474.3**	**5,291,875.1**	**36,035,094.8**
Derivative liabilities	**87,528.0**	**178,444.0**	**572,186.8**	**628,746.7**	**1,466,905.5**
Total liabilities, issued guarantees and commitments	**13,476,138.8**	**1,786,578.5**	**16,318,661.1**	**5,920,621.8**	**37,502,000.3**

As of 31 March 2024 KEUR	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Liabilities to banks/customers	12,226,772.6	478,784.3	3,113,641.0	600,000.0	16,419,197.9
Issued financial guarantee contracts	292,233.3	853,627.4	768,432.5	42,354.1	1,956,647.3
Unrecognised loan commitments	128,687.3	1,022,395.2	9,104,453.8	2,728,869.5	12,984,405.7
Total	12,647,693.2	2,354,806.9	12,986,527.3	3,371,223.6	31,360,250.9
Derivative liabilities	56,042.2	143,624.5	363,142.1	613,900.2	1,176,709.0
Total liabilities, issued guarantees and commitments	12,703,735.4	2,498,431.3	13,349,669.4	3,985,123.8	32,536,959.9

Market risk

Market risk is the risk that movements in interest rates, credit spreads, foreign exchange rates or stock prices will change the market value of financial products, leading to a loss.

Financial risk management – Market risk – VaR exposures

In the prior fiscal year (FY) and first IFRS Financial Statement of SMBC EU AG, the Bank disclosed its Value at Risk (VaR) metrics based on a 99% confidence level and a 1-day holding period in accordance with SMBC BI Financial Statement. However, for internal risk management purposes, the Bank uses historical VaR based on 99.9% confidence level and a 250-day holding period. The historical data contains the most recent 5 years and a stress period.

Seeking alignment with internal risk management and in particular with the internal capital adequacy assessment processes / risk bearing capacity calculation, the Bank has decided to disclose the 99.9% confidence level and a 250-day holding period in the financial statement of FY 24.

To facilitate comparability in this fiscal year, the Bank has provided the following VaR metrics for both the current and prior periods using the revised disclosure basis.

The SMBC EU Group's VaR exposures during the year were:

KEUR 99.9%, 250 days	As of 31 March 2025				As of 31 March 2024			
	Maximum	**Minimum**	**Average**	**31 March**	Maximum	Minimum	Average	31 March
Trading	**5,995.9**	**5,418.8**	**5,817.7**	**5,418.8**	8,333.4	41.5	1,703.0	8,316.4
Banking	**60,437.5**	**7,891.3**	**33,053.5**	**49,659.8**	58,496.8	6,446.1	25,733.6	58,495.8
Total	**66,433.4**	**13,310.1**	**38,871.2**	**55,078.6**	66,830.2	6,487.6	27,436.6	66,812.2

KEUR 99%, 1 day	As of 31 March 2025				As of 31 March 2024			
	Maximum	**Minimum**	**Average**	**31 March**	Maximum	Minimum	Average	31 March
Trading	**4,472.0**	**3,990.0**	**4,208.1**	**4,326.4**	4,384.8	51.8	740.2	4,209.8
Banking	**3,339.6**	**939.9**	**1,924.7**	**3,261.0**	1,126.1	496.3	796.3	919.2
Total	**7,811.6**	**4,929.9**	**6,132.8**	**7,587.4**	5,510.9	548.1	1,536.5	5,129.0

The income sensitivity below reports worst case of six possible yield curve shift scenarios, including 'Steepening', 'Flattening' and 'Parallel' shifts. The table shows the loss under the 'Parallel up' scenario.

Income sensitivity with respect to changes in interest rates:

Million EUR	31 March 2025	31 March 2024
Profit and loss impact	**41.1**	18.8

4. Fair Value of Financial Instruments

The SMBC EU Group's accounting policy on fair value measurements is disclosed in note III.5.

The SMBC EU Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market price (unadjusted) in an active market for an individual instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices. If these are not available, the assessment is based on recognised valuation methods. A fair value model taking into account the yield curve and the Black-Scholes model for options are used.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other inputs used in estimating discount rates, bond prices, foreign currency exchange rates, and expected price volatilities and correlations. All observable data is taken directly from Bloomberg or Reuters. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

The SMBC EU Group uses widely recognised models for determining the fair value of common and more simple financial instruments, such as interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt securities, exchange-traded derivatives and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation, and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

If the fair value of a financial instrument at the time of recording differs from the transaction price, differences not recorded at the time of initial recognition of these instruments (day-one profit or loss) arise if the fair value cannot be substantiated either by the price quoted on an active market for an identical asset or an identical liability, or by valuation models that use only observable market data. In such transactions, the fair value plus the unrecognised difference between the transaction price and the fair value is recognised in the balance sheet. This unrecognised difference is released to the income statement either over the term or at the time when all the parameters used for the valuation can be observed.

Fair value of financial instruments – Assets and liabilities measured at FV on recurring basis

The following table shows the SMBC EU Group's financial assets and liabilities that are held at fair value by the level in the fair value hierarchy into which the fair value measurement is categorised:

As of 31 March 2025 **KEUR**	**Level 1**	**Level 2**	**Level 3**	**Total**
Receivables to customers	**–**	**–**	**228,782**	**228,782**
Derivative assets: Hedge Accounting	**–**	**25,233**	**–**	**25,233**
Trading assets	**–**	**983,276**	**–**	**983,276**
Investment and Liquidity Securities	**90,187**		**–**	**90,187**
Total financial assets	**90,187**	**1,008,509**	**228,782**	**1,327,478**
Derivative liabilities: Hedge Accounting	**–**	**14,461**	**–**	**14,461**
Trading liabilities	**–**	**960,278**	**–**	**960,278**
Total financial liabilities	**–**	**974,739**	**–**	**974,739**

There are no movements between level 1, level 2 or level 3.

As of 31 March 2024 KEUR	Level 1	Level 2	Level 3	Total
Receivables to customers	–	–	255,821	255,821
Derivative Assets: Hedge Accounting	–	55,052	–	55,052
Trading assets	–	1,265,932	–	1,265,932
Investment and Liquidity Securities	87,397	–	–	87,397
Total financial assets	87,397	1,320,984	255,821	1,664,203
Derivative liabilities: Hedge Accounting	–	2,818		2,818
Trading liabilities	–	1,251,368	–	1,251,368
Total financial liabilities	–	1,254,186	–	1,254,186

Level 3 assets consist exclusively of receivables from customers. These receivables were assigned to Level 3 because the credit risk inherent in these loans is not observable in the market. Therefore, internal credit ratings were used to assess the credit risk for the measurement of the fair value. If the credit risk were to decrease significantly, as indicated by the internal credit rating, this could lead to a significant decline in the fair value.

In addition to the credit risk, other observable and non-observable parameters relating to the risk-adjusted discount rate are incorporated into the valuation model for the valuation of financial instruments allocated to Level 3. The observable parameters of the valuation are mainly the risk-free interest rate curve. The unobservable parameters primarily include liquidity spreads, tenor basis spreads, cross currency basis spreads, equity costs (profit margin and compensation for unexpected losses) and administrative costs. The ranges of fluctuation of the unobservable parameters outside of the credit risk are immaterial.

Of the gains and losses on level 3 assets amounting to KEUR 7,685 (previous year: KEUR 17,731) for the year, KEUR 10,886 (previous year: KEUR 17,290) is attributable to interest income, commission income and gains on disposal. The remaining

KEUR (3,201) (previous year: KEUR 442) is attributable to changes in valuation, which are shown in the result from financial instruments valued at FVPL.

The following table shows the reconciliation of Level 3 assets from 31 March 2024 to 31 March 2025:

KEUR	Receivables
As of 31 March 2024	**255,821**
Changes in the portfolio:	
Issue	88,220
Sale	(115,447)
Change in valuation	188
As of 31 March 2025	**228,782**

Fair value of financial instruments – Assets and liabilities carried at amortised cost

The following table summarises the fair value of financial assets and liabilities measured at amortised cost, by the level in the fair value hierarchy into which the fair value measurement is categorised:

As of 31 March 2025 **KEUR**	**Carrying value**	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets					
Cash and balances at central banks	**113,781**	**113,781**	**–**	**113,781**	**–**
Receivables to banks	**10,594,661**	**10,595,283**	**–**	**6,403,946**	**4,191,337**
Receivables to customers	**13,220,896**	**13,269,143**	**–**	**159,963**	**13,109,180**
Investment and Liquidity Securities	**105,147**	**105,149**	**–**	**105,149**	**–**
Financial liabilities			**–**		
Liabilities to banks	**7,063,751**	**7,080,470**	**–**	**53,879**	**7,026,591**
Liabilities to customers	**11,165,448**	**11,165,692**	**–**	**100,536**	**11,065,157**
Debt securities in issue	**393,345**	**468,553**	**–**	**468,553**	**–**

As of 31 March 2024 KEUR	Carrying value	Total fair value	Level 1	Level 2	Level 3
Financial assets					
Cash and balances at central banks	161,793	161,793	–	161,793	–
Receivables to banks	9,420,446	9,420,455	–	8,885,722	534,733
Receivables to customers	11,534,234	11,574,912	–	–	11,574,912
Investment and Liquidity Securities	115,032	115,037	–	115,037	–
Financial liabilities					
Liabilities to banks	4,578,558	4,590,303	–	–	4,590,303
Liabilities to customers	11,377,659	11,377,662	–	–	11,377,662
Debt securities in issue	–	–	–	–	–

There were no positions classified on inception as designated at fair value through profit and loss during the year.

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity, and variable rate financial instruments.

Fixed rate financial instruments

The fair values of fixed rate financial assets and liabilities carried at amortised cost not hedged through fair value hedges are estimated by comparing market interest rates on initial recognition with current market rates offered for similar financial instruments including any effect of changes in market credit spreads, where material. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity.

VII. Other Information

1. Average Number of Employees – Branches

Number	01.04.2024 – 31.03.2025	01.04.2023– 31.03.2024
Annual average	**557**	413
Düsseldorf	**126**	124
Back office	**91**	88
Front office	**35**	35
Frankfurt	**234**	189
Back office	**128**	94
Front office	**106**	95
Milan	**16**	16
Back office	**7**	6
Front office	**9**	10
Amsterdam	**17**	15
Back office	**3**	2
Front office	**14**	13
Prague	**12**	12
Back office	**2**	2
Front office	**10**	10
Madrid	**8**	7
Back office	**2**	2
Front office	**6**	5
Dublin	**14**	12
Back office	**3**	4
Front office	**11**	8
Paris	**42**	38
Back office	**6**	6
Front office	**36**	32
Luxembourg	**88**	90
Back office	**60**	59
Front office	**28**	31

2. Auditor's Fees

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Auditor's fees	**2,911**	2,320
Audit services	**2,576**	2,140
Provision		
Other assurance services	**231**	144
Provision		
Other services	**103**	37

The item Audit Services for the current year includes an amount of KEUR 351 that relates to the previous year. The item Other Assurance Services for the current year includes an amount of KEUR 20 that relates to the previous year.

3. Governing Bodies

Members of the Executive and the Supervisory Board

Executive Board
Naoki Okubo Executive Board Member – Chair
Stanislas Roger Executive Board Member – CEO
Yosuke Uemura Executive Board Member since 01/07/2024
Tetsuji Ueno Executive Board Member till 17/05/2024
Dr Niklas Dieterich Executive Board Member
Isabelle Saadjian Executive Board Member

Supervisory Board
Hideo Kawafune Chair since 01/04/2023
Antony Yates Deputy Chair, Deputy Chair of the Risk and Remuneration Control Committee
Glenn Swanton Chair of the Risk Committee since 03/08/2024, Deputy Chair of the Nomination Committee
Bungo Miura Member of the Supervisory Board since 03/08/2024, Deputy Chair of the Audit Committee
Takahiro Yazawa Member of the Supervisory Board till 02/08/2024
Karin Elisabeth Katerbau Member of the Supervisory Board, Chair of the Audit Committee since 03/08/2024

4. Remuneration of the Boards

KEUR	01.04.2024 – 31.03.2025	01.04.2023 – 31.03.2024
Executive Board	**3,976**	4,997
Members of the Executive Board	**3,934**	4,997
Former members of the Executive Board or their surviving dependants	**42**	–
Advances and loans granted by the parent undertaking and the subsidiaries	–	–
of which: amount repaid/waived	–	–
of which: contingent liabilities	–	–
Supervisory Board	**130**	31
Members of the Supervisory Board[13]	**130**	31
Former members of the Supervisory Board or their surviving dependants	–	–
Advances and loans granted by the parent undertaking and the subsidiaries	–	–
of which: amount repaid/waived	–	–
of which: contingent liabilities	–	–

13 Presentation adjusted (including previous year) to show only remuneration of the board for the parent company.

5. Mandates on Supervisory Boards and Other Control Bodies

Executive Board

Stanislas Roger
No further mandates

Yosuke Uemura
No further mandates

Dr Niklas Dieterich
No further mandates

Isabelle Saadjian
No further mandates

Naoki Okubo
SMBC Nikko Bank (Luxembourg) S.A., (Non-executive member (chairman) of the Board of Directors)

Supervisory Board

Hideo Kawafune
SMBC Bank International plc (Chief Executive Director),
Sumitomo Mitsui Banking Corporation/Sumitomo Mitsui Financial Group (Managing Executive Officer, Head of EMEA Division),
SMBC Nikko Capital Markets Limited (non-executive Director),
SMBC London Branch (Group non-executive Director)
Shimano Europe B.V. (Supervisory Director)

Antony Yates
SMBC Nikko Capital Markets Limited (President, CEO),
SMBC Derivative Products Limited (Chairman, Board Member)
SMBC Capital Markets, Inc. (Global Head of Derivatives, Board Member)
SMBC Capital Markets (Asia) Limited (Board Member)
SMBC Nikko Securities Inc. (Executive Officer)

Glenn Swanton
SMBC Bank International plc (Chief Risk Officer),
Sumitomo Mitsui Financial Group Inc. (Co-Chief Risk Officer, EMEA Region)

Bungo Miura
SMBC Nikko Securities Inc. (Senior managing executive officer, Head of Global Business Planning Unit)
Sumitomo Mitsui Financial Group Inc. (Managing executive officer, Deputy Head of Global Business Unit)
SMBC Nikko Capital Markets Limited (non-executive Director)
SMBC Nikko Securities (Hong Kong) Limited (Director)
SMBC Nikko Securities (Singapore) Pte. Limited (Director)

Karin Elisabeth Katerbau
ProCredit Holding AG (Supervisory Board member)
ProCredit Bank (Bulgaria) EAD (Supervisory Board member)
Stiftung der Oldenburgische Landesbank AG (Chairperson of the Executive Board) till 28/03/2025

6. Events After the Reporting Date

In July 2025, the Executive Board of SMBC EU approved a purchase agreement for the acquisition of the principal assets and liabilities of the SMBC BI Paris branch (a non-adjusting event). The completion of the transaction is subject to conditions that have not yet been fulfilled. Upon completion, SMBC EU's assets and liabilities would increase significantly, arising from banking activities comparable to those already conducted by SMBC EU.

Frankfurt am Main, 30 July 2025

SMBC Bank EU AG
Frankfurt am Main

Executive Board

Naoki Okubo **Stanislas Roger** **Yosuke Uemura**

Dr. Niklas Dieterich **Isabelle Saadjian**

Country-by-Country Reporting

In accordance with the requirements of the EU Directive 2013/36/EU Article 89 on Country-by-Country Reporting, which has been incorporated into German law with Section 26a (1) Sentence 2 of the German Banking Act (KWG), the SMBC EU Group is required to prepare country-by-country reporting.

In this country-by-country reporting, SMBC Bank EU Group discloses the information listed below in accordance with Section 26a (1) nos. 1 to 6 KWG as of 31 March 2025:

- Name, type of business and the geographical location of the branches
- Revenue
- Number of employees in full-time equivalents
- Profit or loss before tax
- Taxes on profit or loss
- Public aid received

The report includes the information relating to the SMBC EU Group's branches included in the annual financial statements. The figures included in the report have been calculated on an unconsolidated basis.

Revenues are the sum of net interest, commission income, trading income and other operating income. The number of employees is provided as of 31 March 2025. Taxes present the income taxes of the branch. The branches received no public aid in the financial year.

Name	Type of business	Registered office	Country
SMBC Bank EU AG	Financial Institution	Frankfurt	Germany
SMBC Bank EU AG, Milan branch	Financial Institution	Milan	Italy
SMBC Bank EU AG, Prague branch	Financial Institution	Prague	Czech Republic
SMBC Bank EU AG, Amsterdam branch	Financial Institution	Amsterdam	Netherlands
SMBC Bank EU AG, Madrid branch	Financial Institution	Madrid	Spain
SMBC Bank EU AG, Dublin branch	Financial Institution	Dublin	Ireland
SMBC Bank EU AG, Paris branch	Financial Institution	Paris	France
SMBC Nikko Bank (Luxembourg) S.A, Luxembourg subsidiary	Financial Institution	Luxembourg	Luxembourg

Country	Revenues in KEUR	Profit or loss before tax in KEUR	Tax on profit or loss in KEUR	Public aid received in KEUR	Number of employees
Germany	442,573	273,469	(78,811)	–	370.30
Italy	53,860	46,641	(21,067)	–	17
Czech Republic	2,656	345	(151)	–	12
Netherlands	4,388	573	(133)	–	17
Spain	3,243	427	(169)	–	8.15
Ireland	5,103	697	(110)	–	14
France	26,024	4,020	69	–	46
Luxembourg	25,837	5,449	(1,313)	15	82.45

Publisher

SMBC Bank EU AG

Neue Mainzer Straße 52–58
60311 Frankfurt-Main

Tel +49 (0)69 22229-8200

smbceu@de.smbcgroup.com
https://www.smbcgroup.com/emea/group-companies/smbc-bank-eu-ag/