



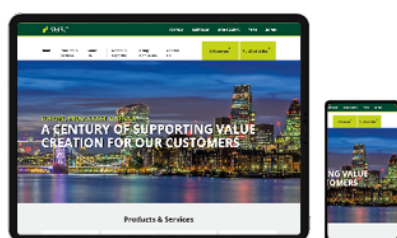
A trusted partner for the long term

SMBC Nikko Capital Markets Limited

MIFIDPRU disclosure report
Year ended 31 March 2025

Contents

1. Overview	3		
1.1 Background and scope	3		
1.2 Basis of disclosure	3		
1.3 Frequency of disclosure	3		
1.4 Location and verification	3		
2. Risk management objectives and policies (MIFIDPRU 8.2)	4		
2.1 Overview	4		
2.2 Risk Appetite Framework	5		
2.2.1 Overview	5		
2.2.2 Risk Strategy & Pillars	6		
2.2.3 Risk Appetite Statements	6		
2.3 Three Lines of Defence	7		
2.4 Risk monitoring and reporting	8		
2.5 Risk identification and assessment	8		
2.5.1 Overview	8		
2.5.2 Key principles and objectives	8		
2.5.3 Required processes	9		
2.5.4 Risk Register	9		
2.5.5 Harms assessment	9		
2.5.6 Emerging risks	9		
3. Governance arrangements (MIFIDPRU 8.3)	10		
3.1 Corporate structure	10		
3.2 Business model and strategy	10		
3.3 Diversity	10		
3.4 Business environment	10		
3.5 Governance structure	11		
		3.6 Risk Management Committee structure	11
		3.6.1 Audit and Risk Committee ("ARC")	11
		3.6.2 The Nomination Committee	11
		3.6.3 The Remuneration Committee	12
		3.6.4 The Executive Committee	12
		3.6.5 Directorships	12
		4. Key metrics	14
		5. Own funds (MIFIDPRU 8.4)	15
		5.1 Common Equity Tier 1 ("CET1") Capital	15
		5.2 Additional Tier 1 Capital ("AT1")	15
		5.3 Capital deductions	16
		6. Own funds requirements (MIFIDPRU 8.5)	20
		6.1 Components of the assessment	20
		6.2 K-Factor requirements breakdown	20
		6.3 Overall financial adequacy	21
		7. Remuneration policy and practices (MIFIDPRU 8.6)	21



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Document disclaimer

- SMBC Nikko Capital Markets Limited ("the Company") is authorised and regulated by the Financial Conduct Authority ("FCA"). The disclosures set out in this document have been provided in accordance with the disclosure requirements set out in Chapter 8 of the FCA's MIFIDPRU Prudential Sourcebook for MiFID Investment Firms ("MIFIDPRU 8") under the UK Investment Firms Prudential Regime ("IFPR"). The IFPR is a single prudential regime for all solo regulated investment firms in the UK (FCA investment firms) authorised under the UK Markets in Financial Instruments Directive (MiFID), which came into effect on 1 January 2022.
- The purpose of the disclosure, as contained within this document, is to provide sufficient information to enable market participants to assess the risks within the Company.
- This document does not constitute any form of financial statement on behalf of the Company.
- This document reflects, where appropriate, information which is contained within the Consolidated Annual Report & Financial Statements of the Company.
- The information contained herein has been subject to internal review but has not been audited by the Company's external auditors.
- Although the disclosures are designed to provide transparent capital disclosure by investment firms on a common basis, the information contained in this particular document may not be directly comparable with that made available by other firms. This may be due to a number of factors such as:
 - The mix of approaches allowed under the IFPR;
 - The mix of exposure types;
 - The different risk appetites and risk profiles of firms; and/or
 - The different waivers and modifications granted by the FCA.

1. Overview

1.1 Background and scope

Effective 1 January 2022, IFPR is the regulatory framework for the UK market governing the management of risks and capital requirements for investment firms that are authorised and regulated under the MiFID. The prudential regime for FCA investment firms is more aligned to the way that investment firms run their business. This should reduce barriers to entry and allow for increased competitiveness between investment firms in the UK.

The disclosures herein have been prepared in accordance with the disclosure requirements of MIFIDPRU 8. These requirements are designed to promote market discipline by providing market participants with key information on the Company's risk management objectives, governance arrangements, own funds, and own funds requirements. Improved public disclosures of such information leads to increased transparency and should lead directly to more effective market discipline.

1.2 Basis of disclosure

The IFPR disclosure requirements apply to the Company on an individual entity basis. Unless otherwise stated all figures in this document are denominated in millions of US Dollars and are as of 31 March 2025.

1.3 Frequency of disclosure

After due consideration of the size and complexity of the operations, the Company has determined that this disclosure document will be formally updated on an annual basis, to reflect the situation as at the end of each financial year. However, the Company may decide to publish some or all disclosures more frequently than annually if there are future changes in the business that are deemed to be material by the Company's Board of Directors.

1.4 Location and verification

This Disclosure Document has been reviewed and approved by the Company's Board of Directors but has not been subject to external audit. However, where data is equivalent to that included in the Annual Report and Financial Statements, such data has been subject to external audit during the formal review and verification process of the financial statements.

This report is published on the SMBC Group's corporate website for the EMEA region ([EMEA – Corporate Disclosures \(https://www.smbcgroup.com/emea/notices-reporting/corporate-disclosures\)](https://www.smbcgroup.com/emea/notices-reporting/corporate-disclosures)).

2. Risk management objectives and policies (MIFIDPRU 8.2)

2.1 Overview

As outlined in the Company's Board-approved Enterprise-Wide Risk Management Policy, the mission of the Risk Management Department ("RMD") is to 'ensure the financial stability and continuity of the Company by acting as an executive guardian of its risk profile'. The Company's Risk function is responsible for implementing a risk management framework that satisfies all applicable laws, regulations, and best practice.

The Risk function is independent from the business areas that generate risk and operates within the overall governance framework of the Company which allows the exercise of professional judgement in an effective and impartial manner.

Per the requirements of MIFIDPRU7.2A, RMD is led by the Chief Risk Officer ("CRO") and is independent of operational and business functions, and has sufficient authority, stature, and resources to enact its responsibilities.

The key objectives of the Risk function are therefore:

- To coordinate the implementation of a Board approved Risk Management Framework which ensures effective identification, assessment, measurement, management and reporting of existing key risks and emerging risks,
- To ensure an appropriate Risk Appetite Framework in place which is observed and maintained in the pursuance of the strategic objectives,
- To ensure maintenance of sufficient quality and quantity of capital resources consistent with the level and nature of risks being taken,
- To ensure that prudent levels of liquidity are in place to fund the UK entities even under stressed conditions,
- To assess aggregate risk against risk appetite based on individual assessments provided by subject matter experts in different departments to RMD. This will for instance include Compliance Department ("CPD") undertaking and providing assessments for financial crime and conduct risk or IT Security Department undertaking and providing assessments for IT and Cyber risk.
- To maintain an adequate and effective control environment,
- To ensure adherence to the letter and spirit of laws and regulations governing its business.
- To review and alert the Board regarding aggregate risks across the organisation, and to review and challenge the end to end control framework,
- To keep the Board and management informed of the latest development pertaining to Risk Management matters in international standards and practices on Risk Management (in general and specific to financial institutions),
- To provide technical advice and support to the Board and management in improving and advancing the Risk Management system as the legal and regulatory environment, standards and/or the business focus changes; and
- To ensure coverage of both the base case and downside risks that may have implications on the entity's ability to meet its objectives. This encompasses all risks, e.g., on- and off-balance sheet and at a group-wide, portfolio and business-line level. This includes the risks defined under Basel Accord, e.g., credit risk, market risk, liquidity, operational risk and through working with other company departments, compliance, reputational risk, legal risk and cyber risk.

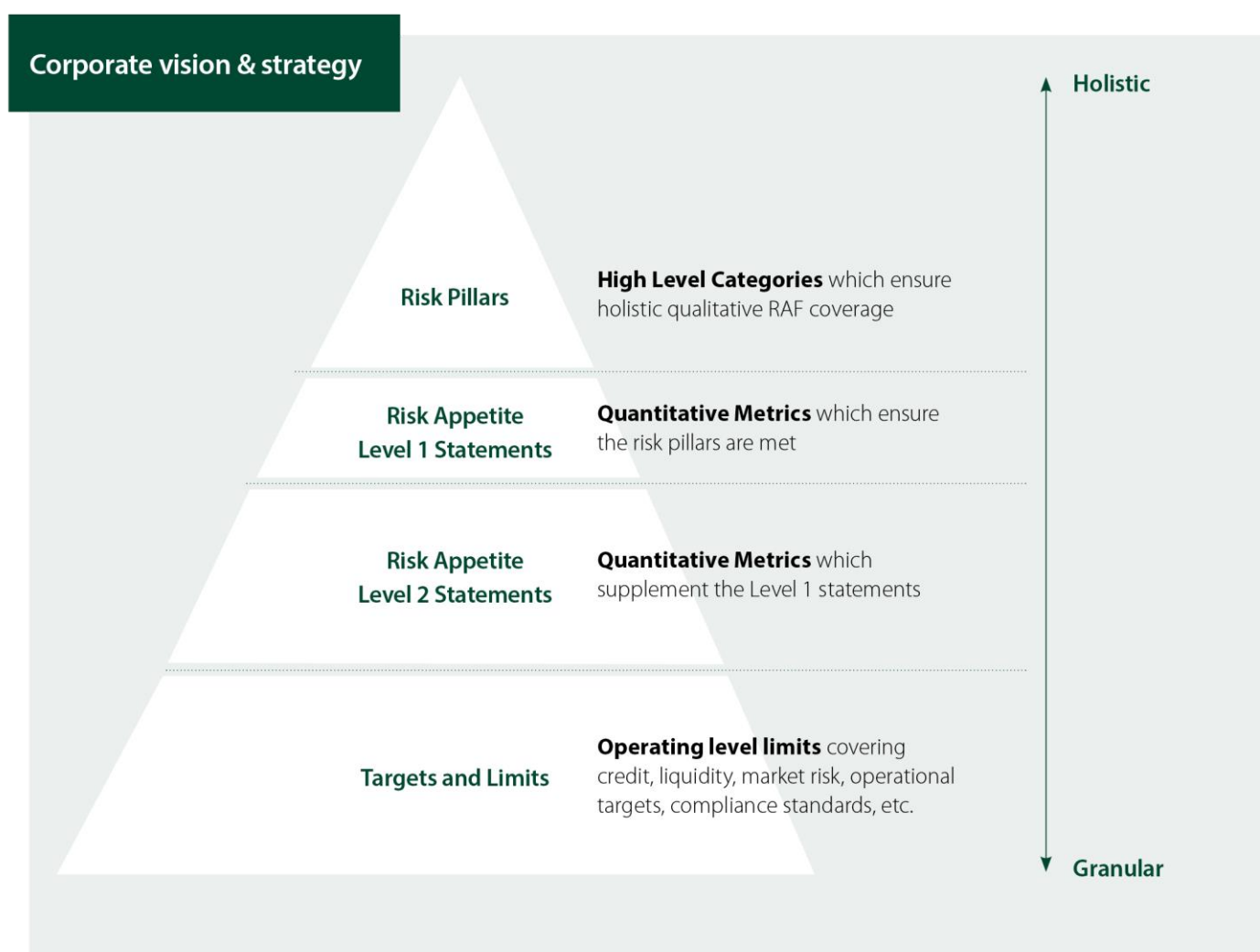
The Company's Risk Management Framework of sets out the governance arrangements, roles and responsibilities, appetites, and limits, reporting and policies that are in place across the Company to manage its risks. The following sections provide summaries of the main aspects of this framework (governance arrangements are outlined in detail in section 2). Collectively, these processes meet the requirements of MIFIDPRU 8.2.1 and 8.2.2.

2.2 Risk Appetite Framework

2.2.1 Overview

The purpose of the Company's Risk Appetite Framework ("RAF") is to define and monitor the level of risk (the type and quantum) that the Company is able and willing to undertake in pursuit of its objectives. The RAF ensures formal identification and consensus about the strategic-level risks which the Company faces, and is a key tool for the business, based on the risks that have been identified and assessed. In addition, the RAF provides the structure to enable the monitoring of the Company's risk profile against the limits and metrics agreed through the risk appetite setting.

The Board considers and sets out the Company's Risk Appetite in the context of the Company's strategic objectives and is responsible for ensuring that the RAF is embedded into both the risk management and capital planning processes of the Company at all relevant levels. The Company's Risk Appetite Framework is structured as per the below diagram.



The Company's executive management are responsible for fully understanding the Risk Appetite which has been set and conducting the day-to-day business in line with the Risk Appetite. The Risk Appetite Framework is re-evaluated at least annually as part of the strategic planning process. The strategic planning process is supported by other key aspects of the Risk Management Framework (namely the ICARA) to ensure consistency between strategic and risk management objectives, and therefore, the Risk Appetite Framework review has been aligned to the ICARA review schedule.

2.2.2 Risk Strategy & Pillars

The Company's business model is to engage in securities and derivatives activity, primarily on behalf of investors and clients of the Sumitomo Mitsui Banking Corporation, its subsidiaries and affiliates (together the "SMBC Group") (predominantly in Japan and Europe).

Risk Pillars articulate the Company's risk strategy and are aligned to the business strategy and operating model through high level categories which help to arrange the Company's RAF components into strategic themes. Within each Pillar are corresponding Risk Appetite Statements. The Pillar approach ensures comprehensive RAF coverage across all aspects of the business. The Pillars are organised as follows.



2.2.3 Risk Appetite Statements

Risk Appetite Statements define appetite levels for quantitative metrics which are monitored on a regular basis to assess performance against the Company's Risk Strategy. The Risk Appetite Statements are aligned to the Risk Strategy and are intended to act as a 'hard stop' and constrain risk-taking within the desired levels. Management and Board set and approve qualitative thresholds based on a number of factors, including regulatory requirements, observed behaviour (historical experience) and stressed forecasts. Thresholds are reviewed annually. The Risk Appetite Statements are split into two categories:

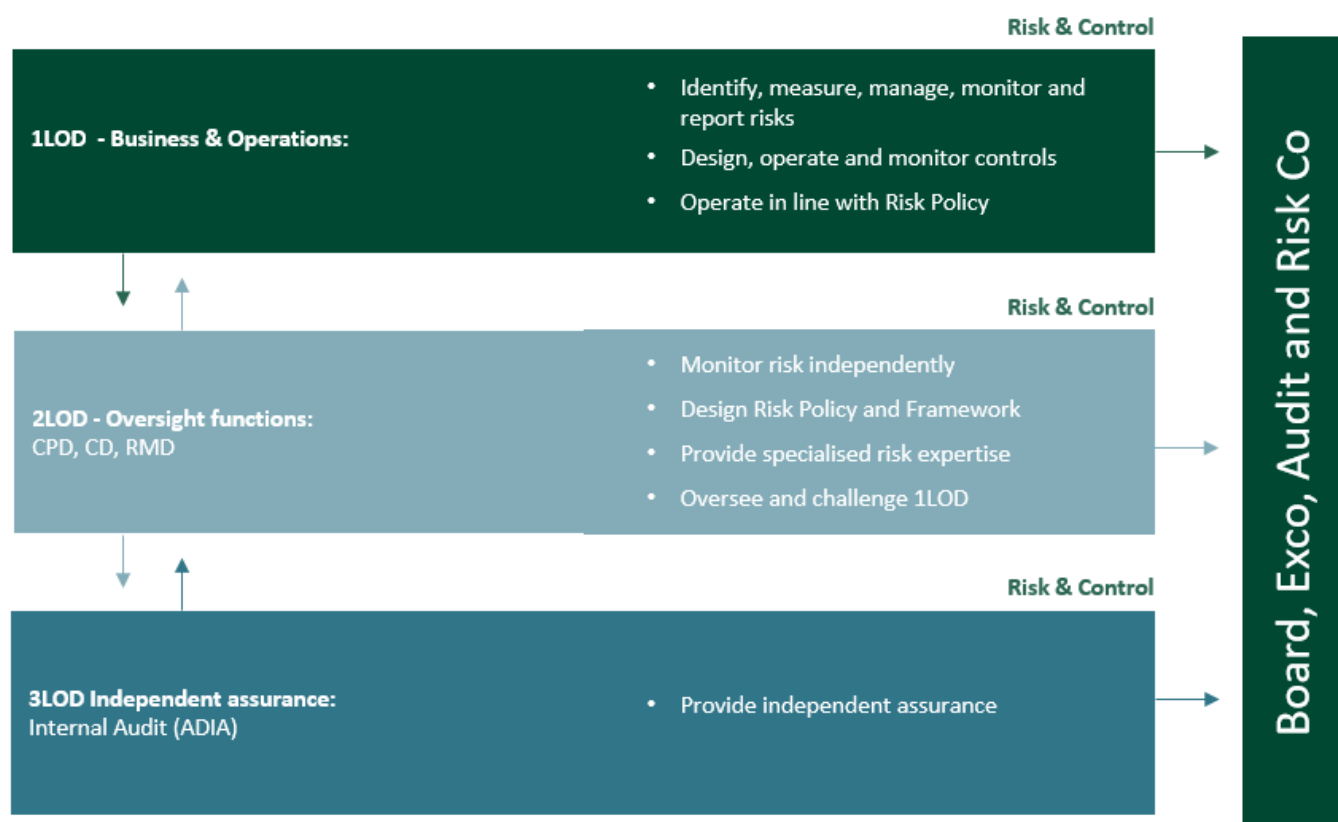
- Level 1 statements are strategic and are intended to act as a 'hard stop' in respect of the generation of incremental risk. Any new or amended Level 1 statements are Board approved.
- Level 2 statements, whilst set and reviewed initially by the Board, have some flexibility in their establishment and therefore are delegated to senior management (Chief Executive Officer, "CEO" or CRO and notification to the next Risk Management Steering Committee ("RMSC") and Board), where a change is required and appropriate.

On a monthly basis, the Company compiles a Risk Appetite Dashboard (“RAD”), which comprises the Risk Appetite Statements described above, along with their respective agreed thresholds and corresponding monthly results. The RAD forms a key element in the report by RMD to both the RMSC and to Executive committee (“ExCo”) on a monthly basis (along with the relevant RMSC sub-committees). The RAD is also a key part of the reporting suite to the Board/Board Risk Committee on a quarterly basis. RMD coordinates with the various stakeholders across the business to populate the RAD metrics each month.

The risk appetite metrics are monitored on an ongoing basis by the first and second lines of defence (detailed below), and any breach (or potential to breach) is required to be escalated to senior management (and if necessary, the Board) in a timely manner. In such situations it is expected that an explanation of the circumstances of the breach be provided, along with remediation plans if appropriate (if not, the reasons for this should also be clearly articulated).

2.3 Three Lines of Defence

The Company adopts a Three Lines of Defence (“3 LOD”) approach to risk management to ensure adequate oversight. There are many types of risk throughout the Company, and every employee is involved in risk management. It is therefore essential to provide clarity of responsibility over the different elements of risk management. The 3 LOD approach separates the ownership/management of risk from the functions that oversee risk and the function that provides independent assurance, as illustrated below:



2.4 Risk monitoring and reporting

Risk Management of the Company is realised through effective Risk monitoring and reporting. The key principles for effective risk reporting and escalation are as follows:

- Ensuring that senior management is provided with the necessary information regarding the Company's principal risks so that an informed view of the Company's risk profile can be made;
- Ensuring that RMD have properly reported all material risks and delivered a complete view of the whole range of risks facing the Company;
- The principal risks facing the Company must be reported at monthly Risk Management Steering Committee meetings. The Risk Committees have responsibility for the principal risk categories and related risk management matters;
- Delivery of a Risk Report that incorporates the key themes/messages from the Risk Committees to the Executive Committee on a monthly basis by RMD;
- An annual (or more frequent) review of the format of the risk reports to ensure these continue to appropriately meet senior management information requirements;
- RMD should provide BAU reporting on a daily basis to the desks and senior management under the formal limit structures. As required ad hoc analysis around specific events is also provided.

2.5 Risk identification and assessment

2.5.1 Overview

Risk identification and assessment is a key process where the Board and the executive members specify the risks the Company is faced by and share the understanding of them among all the relevant management members of the Company to ensure the effective implementation of risk management across all the businesses that the Company conducts. The risk identification and assessment is based on the following principles, objectives and actual processes.

2.5.2 Key principles and objectives

The key principles for effective risk identification and assessment are:

- To identify the major risks that could impact long term sustainability,
- To assess the likelihood and impact of the risks materialising, and
- To assess the robustness of the controls that mitigate the risks

The main objectives of risk identification and assessment are:

- To help the Board with understanding the nature and size of the risks that the Company faces;
- Determining adequate capital and liquidity requirements on a forward looking horizon through ICARA processes;
- To ensure effective controls are implemented and maintained; and
- To help the executive management with day-to-day decision making in the Company's business, so such decisions will be in line with the strategic objectives and the risk appetite of the Company.

2.5.3 Required processes

The Company has a number of processes to ensure its risks are correctly identified and properly assessed, which include, but are not limited to:

- An ongoing risk identification process captured in the Company's Risk Register and Harms assessment that is formally reviewed during the ICARA process. The Risk Register is formally attested to by the Heads of Global Markets ("GM") and Capital Markets & Advisory ("CMA") divisions, pre submission to the RMSC and BRCC for challenge and approval.
- An emerging risk identification process where contemporary and developing risks are identified and their potential impact evaluated. Mitigating actions are considered and then presented to the CRO and BRCC for challenge, review and approval.

A detailed explanation and assessment of the Company's risks must be given to the Board, BRCC and the Executive management members. At a minimum the following must be produced and presented to the Board, the BRCC and/or RMSC:

2.5.4 Risk Register

The Risk Register documents the key risks and harms faced by the Company which could impact on the primary strategic objectives. It ensures that appropriate controls are in place for those risks that are either most likely to materialise and/or have the greatest impact. This information is then used to identify which areas should be assessed for additional capital.

2.5.5 Harms assessment

The Company, as an IFPR firm, must conduct a harms assessment as part of the ICARA process. The harms assessment considers how the Company's business model could negatively impact or "harm" the Company itself, its clients and the wider financial market. The purpose of the exercise is to identify those harms, articulate what controls are in place to mitigate the harm and assess what additional controls (if any) are necessary.

2.5.6 Emerging risks

The emerging risk profile comprises risks identified and assessed by senior management as being particularly relevant to the Company at any particular time. The risk may be a new risk or a specific example of an identified risk. These inform senior management of the most important risks facing the Company and allows for mitigating actions or changes to the risk appetite to occur.

The quarterly process is a proactive part of the risk identification process which promotes debate and challenge and helps prioritise mitigation measures. Additional measures/actions may be required by either RMSC or the Board depending on the identified risk and existing controls.

3. Governance arrangements (MIFIDPRU 8.3)

3.1 Corporate structure

SMBC Nikko Capital Markets Limited, company number 02418137 incorporated in the United Kingdom and registered in England and Wales, is an investment firm authorised and regulated by the FCA. The Company's majority shareholder and controller is Sumitomo Mitsui Banking Corporation ("SMBC"), SMBC's subsidiaries and affiliates are collectively referred to as the SMBC Group.

3.2 Business model and strategy

The Company's business model is to service its wholesale and institution customer base with focussed investment banking services. During the year, the Company completed the sale of its securities business to SMBC Bank International Plc ("SMBC BI"); as part of the sale the Company also transferred all of its employees to SMBC BI. The Company's activities are now focused on trading a range of over-the-counter derivative hedging products to meet the needs of its customers, including those customers of affiliated entities in the SMBC Group.

3.3 Diversity

The Board has in place a Diversity Policy which states that a target of at least 25% of the Board will be made up of women, while also ensuring an appropriate mix of skills, experiences and competencies on the Board. The Board also commits to taking positive action to source applications from under-represented groups. At the end of the year, female representation on the Board was 17% of the Directors. The Board will be mindful of its Diversity Policy target when considering candidates as future board-level vacancies arise. All candidates considered for appointment to Board positions will be evaluated for their competence in relation to diversity, equality and inclusion. In addition, the Nominations Committee considers the level of diversity on senior management succession plans as part of its annual review.

Following the transfer of its securities business and all employees to SMBC Bank International, the Company is now reliant on the wider SMBC Group in EMEA's diversity and inclusion initiatives. Further information on these can be found below and in the Annual Report and Accounts of SMBC Bank International plc.

SMBC Bank International 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 Board of SMBC Bank International recognises the importance of the Company attracting, developing and retaining diverse talent. At an executive level, the diversity and inclusion initiatives are coordinated and overseen by the SMBC Group EMEA Diversity and Inclusion Steering Committee, which includes representation from the Company.

The Company is a proud signatory of the Women in Finance Charter, and the President and CEO of the Company is the accountable executive for the achievement of the Women in Finance Charter targets of SMBC Bank International.

The SMBC Group in EMEA has adopted the following policies for senior appointments:

- sharing our goals to increase diverse representation with our executive search firms, including our Women in Finance Charter targets and actions being taken by SMBC Group in EMEA to support achieving these goals;
- liaising with search firm to produce a brief that includes emphasis on diversity of skills and background, in addition to career experience and compatibility with values and behaviours;
- encouraging search firms to produce long lists which include female and other diverse candidates.

3.4 Business environment

The Company operates in a highly regulated business environment with significant requirements in respect of reporting, capital and liquidity management, product design, conduct, customer service and other business aspects from multiple regulators in the countries the Company operates. These regulations constantly change and evolve in response to new

business practices, economic and political developments and become increasingly stringent in order to promote good practice and stability in global financial markets.

The Company operates in an environment of significant uncertainty with respect to the continuing challenges. The annual report and accounts provide further details for this section and, can be found on the SMBC Group's corporate website for the EMEA region (<https://www.smbcgroup.com/emea/notices-reporting/corporate-disclosures>).

3.5 Governance Structure

The Company recognises that well-defined and transparent risk governance arrangements are imperative to ensure effective overall management and oversight of risk management.

The Company's risk management governance arrangements are comprised of:

- A Committee structure to oversee and manage the risks of the Company,
- An organisational structure that utilises a "Three Lines of Defence" model for the management of risks with clearly established responsibilities for the various Lines of Defence, and
- A policy framework that defines the mandatory minimum requirements for the management of risks across the Company.

3.6 Risk Management Committee Structure

The Company's committee structure is detailed below:

3.6.1 Audit and Risk Committee

The Audit and Risk Committee ("ARC") was established by the Board in January 2025 and took over responsibilities of the Board Risk and Compliance Committee ("BRCC") and the Audit Committee; both of which were subsequently dissolved. The ARC's responsibilities include:

- the oversight of risk management processes and reporting, including consideration of key and emerging risks, as well as processes for the annual completion of the ICARA and supporting documentation including recovery and resolution plans
- oversight of regulatory reporting matters and ensuring compliance with regulatory expectations
- considering matters related to the preparation and audit of the annual report and financial statements, and
- the oversight of internal financial controls, tax and whistleblowing

The ARC is also the key governance body which oversees the relationship with the external auditor and safeguards the independence of the Internal Audit function.

The ARC consists entirely of Non Executive Directors ("NEDs") and is chaired by an independent non-executive director.

3.6.2 The Nominations Committee

The Nominations Committee is responsible for assessing and recommending candidates to the Board to fill Board, Senior Manager Function and certain other senior executive management level vacancies. The Committee is also responsible for matters related to Board and Board Committee composition, performance and skills and for reviewing Board and senior management succession plans.

The Nominations Committee consists entirely of NEDs and is chaired by an independent non-executive director

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3.6.3 The Remuneration Committee

The Remuneration Committee is responsible for overseeing the development and implementation of the Company's remuneration policies and practices, which includes specific responsibility for recommending the Remuneration Policy to the Board for approval. The Committee also considers other significant remuneration and human resource matters, such as approval of remuneration for Material Risk Takers and the bonus fund calculation.

The Remuneration Committee consists entirely of NEDs and is chaired by an independent non-executive director.

3.6.4 The Executive Committee

The Board has delegated day-to-day management of the Company to the CEO, who is further supported by the Executive Committee. The Committee meets on a monthly basis and is responsible for the supervision and management of the Company's Business. The Committee reports, via the CEO, to the Board and the non-executive directors receive a copy of the papers and minutes of all Committee meetings.

The members of the Committee are the Senior Management team, and it is chaired by the CEO

3.6.5 Directorships

The below table shows the Company's directors and the number of other executive and non-executive they each held as of 31 March 2025:

Director	Directorships held
James Garvey	3
Maria Francisca Turner	0
Bungo Miura	0
Hideo Kawafune	1
Antony Yates	0
Mehul Desai	0

Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives and executive and non-executive directorships held within the SMBC Group are not in scope for the number of directorships to be included hence an adjusted number of directorships has been provided.

The following changes to the Board occurred in the year and as at the date of this report:

- Stephen Souchon, resigned as a director on 31 December 2024
- James Garvey, appointed as a director on 01 October 2024
- Patricia Jackson, resigned as a director on 30 September 2024
- Bungo Miura, appointed as a director on 18 July 2024
- Takahiro Yazawa, resigned as a director on 18 July 2024
- Mehul Desai, appointed as a director on 01 April 2024

The annual report and accounts set out further information which complements the information that can be found in this MIFIDPRU disclosures document. It can be found on the SMBC Group's corporate website for the EMEA region ([EMEA – Corporate Disclosures](https://www.smbcgroup.com/emea/notices-reporting/corporate-disclosures) (<https://www.smbcgroup.com/emea/notices-reporting/corporate-disclosures>)).

4. Key metrics

The key metrics dashboard below provides a summary of the capital adequacy positions of the Company under the IFPR rules.

	31 March 2025 US\$m	31 March 2024 US\$m
<i>Common equity tier 1 (CET1) capital</i>		
Called up share capital	779.0	779.0
Share premium	165.0	165.0
Retained earnings	522.7	514.2
Other reserves	3.9	(1.1)
	1,470.6	1,457.1
<i>CET1 regulatory adjustments</i>		
Intangible assets	(5.2)	(17.4)
Cash flow hedges	(0.0)	0.4
Other	(28.9)	(28.8)
	(34.1)	(45.8)
<i>Total CET1 capital</i>	1,436.5	1,411.3
<i>Additional tier 1 (AT1) capital</i>		
Perpetual non-cumulative preference shares	360.0	360.0
Other adjustments	–	–
	360.0	360.0
Total Own Funds (A)	1,796.5	1,771.3
K-factors requirements (B)	136.4	285.3
Own Funds Ratio (note below)	1,317.4%	620.9%

Note: Own Funds Ratio is defined as Own Funds v K-factor Requirement (A/B expressed as a %).

5. Own funds (MIFIDPRU 8.4)

The following tables presents the Company's Own Funds held which is made up of common equity tier 1 capital and additional tier 1 capital.

Under MIFIDPRU8.4, the Company is required to disclose:

1. A composition of the regulatory own funds and the applicable regulatory deductions and applicable filters – see Table 1 below;
2. A reconciliation of 1 (above) with the capital in the balance sheet in the audited financial statements of the Company – see Table 2 below;
3. A description of the main features of own funds instruments issued by the Company – see Table 3 below.

Table 1: Composition of regulatory own funds

Item	31 March 2025	31 March 2024	Cross reference to Table 2
1 OWN FUNDS	1,796.5	1,771.3	
2 TIER 1 CAPITAL	1,796.5	1,771.3	
3 COMMON EQUITY TIER 1 CAPITAL	1,436.5	1,411.3	
4 Fully paid-up capital instruments	779.0	779.0	a
5 Share premium	165.0	165.0	b
6 Retained earnings	522.7	514.2	c
7 Accumulated other comprehensive income	3.9	(1.1)	d
9 Adjustment to CET1 due to prudential filters	(28.4)	(25.0)	
11 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(34.1)	(45.8)	e (note below)
20 ADDITIONAL TIER 1 CAPITAL	360.0	360.0	
21 Fully paid up, directly issued capital instruments	360.0	360.0	a

Note: 'e' includes deduction of intangible assets and deferred tax assets for a sum of \$5.7million (see table 2). The remaining deduction includes cash flow hedges and changes in the value of own liabilities as well as additional value adjustments (AVA).

5.1 Common Equity Tier 1 ("CET1") Capital

The Company's CET1 capital is made up of \$779 million of fully paid-up ordinary share capital, \$165 million share premium, audited reserves, and other reserves.

Ordinary shares carry voting rights and are owned by Sumitomo Mitsui Banking Corporation (85%) and SMBC Nikko Securities, Inc. (15%). Further details of the features of ordinary shares are in Table 3 below.

5.2 Additional Tier 1 Capital ("AT1")

AT1 Capital consists of \$360 million of perpetual, non-cumulative preference shares, fully paid-up and compliant with the eligibility criteria under MIFIDPRU 3.4.3 R. Further details of the features of AT1 are in Table 3 below.

5.3 Capital deductions

Our own funds are subject to the following deductions from CET1:

- Deduction of intangible assets
- Deduction of deferred tax assets
- Prudential filters, which include:
 - Reversal of the fair value reserves related to gains or losses on cash flow hedges on projected cash flows,
 - Reversal of the gain or losses on liabilities that result from changes in the own credit standing of the Company, and
 - Application of the additional value adjustments.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS'), and regulatory own funds are prepared under prudential rules. The financial statement under the regulatory scope of consolidation forms the basis for the calculation of regulatory capital requirements. There is no difference in the regulatory and accounting scope of consolidation.

Table 2: Own funds reconciliation of regulatory own funds to balance sheet in the audited financial statements:

	a Balance sheet as in published financial statements	b Under regulatory scope of consolidation	c Cross reference to Table 1
	31 March 2025		
Assets - Breakdown by asset class according to the balance sheet in the published financial statements			
1 Cash at banks	476.5		
2 Trading securities	861.2		
3 Derivative assets	9,124.1		
4 Other trading assets, at fair value	37.2		
5 Securities purchased under agreements to resell	3,026.4		
6 Collateral placed	1,987.0		
7 Other debtors	95.1		
8 Investment in subsidiary undertaking	202.0		
9 Intangible assets	5.2		e
10 Property, plant, and equipment	–		
11 Deferred tax asset	0.5		e
Total assets	15,815.2		
Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements			
1 Trading securities sold, not yet purchased	–		
2 Derivative liabilities	8,943.3		
3 Other trading liabilities, at fair value	130.9		
4 Securities sold under agreements to repurchase	2,208.9		
5 Collateral received	2,649.4		
6 Other creditors	52.1		
7 Pension scheme liability	–		
Total liabilities	13,984.6		
Shareholders' Equity			
1 Called up share capital	1,139.0		a
2 Share premium	165.0		b
3 Retained earnings	522.7		c
4 Other reserves	3.9		d
Total shareholders' equity	1,830.6		

Table 3: Main features of own funds issued by the Company
Capital Instruments' main features template

		Common Equity		Additional Tier 1		
1	Issuer	SMBC Nikko Capital Markets Limited				
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	N/A				
3	Governing law (s) pf the instrument	English				
	Regulatory treatment					
4	Transitional CRR rules	Common Equity Tier 1		Tier 1		
5	Post-transitional CRR rules	Common Equity Tier 1		Tier 1		
6	Eligible at solo/ (sub)-consolidated/ solo & (sub)-consolidated	Solo & consolidated				
7	Instrument type (types to be specified by each jurisdiction)	Common shares		Other Tier1 instruments		
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	USD 661 million	USD 118 million	USD 200 million	USD 50 million	USD 110 million
9	Nominal amount of instrument	USD 661 million	USD 118 million	USD 200 million	USD 50 million	USD 110 million
9a	Issue price	USD 1 per security				
9b	Redemption price	N/A				
10	Accounting classification	Shareholders' equity				
11	Original date of issuance	13/03/1990	29/07/2015	28/12/2007	07/10/2010	29/07/2015
12	Perpetual or dated	Perpetual				
13	Original maturity date	N/A				
14	Issuer call subject to prior supervisory approval	No	No	Yes		
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	Any time after the 5th anniversary of issue date and Any time if a Tax Event or Capital Disqualification Event occurs at a price equal to liquidation preference	Any time after the 5th anniversary of issue date and Any time if a Tax Event or Capital Disqualification Event occurs at a price equal to liquidation preference	Any time after the 5th anniversary of issue date and Any time if a Tax Event or Capital Disqualification Event occurs at a price equal to liquidation preference
16	Subsequent call dates, if applicable	N/A	N/A	As above		
	Coupons/ dividends					
17	Fixed or floating dividend/ coupon	Floating	Floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N/A	N/A	5.50%	5.50%	5.50%
19	Existence of a dividend stopper	No	No	No	No	No
20a	Fully discretionary, partially discretionary, or mandatory (in terms of timing)	Fully discretionary				

		Common Equity		Additional Tier 1		
20b	Fully discretionary, partially discretionary, or mandatory (in terms of amount)	Fully discretionary				
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative				
23	Convertible or non-convertible	Non-convertible		Convertible		
24	If convertible, conversion trigger(s)	N/A	N/A	If Common Equity Tier 1 Capital Ratio falls below 64%		
25	If convertible, fully or partially	N/A	N/A	Fully		
26	If convertible, conversion rate	N/A	N/A	Ordinary shares		
27	If convertible, mandatory, or optional conversion	N/A	N/A	Mandatory		
28	If convertible, specify instrument type convertible into	N/A	N/A	Common Equity Tier 1		
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	SMBC Nikko Capital Markets Limited		
30	Write-down features	No	No	No	No	No
31	If write-down, write-down trigger(s)	No	No	N/A	N/A	N/A
32	If write-down, full, or partial	N/A	N/A	N/A	N/A	N/A
33	If write-down, permanent, or temporary	N/A	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Preference shares		Subordinated liabilities		
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

6. Own funds requirements (MIFIDPRU 8.5)

6.1 Components of the assessment

The Company's own funds requirements are determined as the highest of the following three requirements under MIFIDPRU 4.3.2 R:

1. Permanent Minimum Capital Requirement (PMR) – £750,000 (MIFIDPRU 4.4.2R).
2. Fixed Overheads Requirement (FOR) – \$43.3 million, one quarter of the Company's annual fixed overheads (MIFIDPRU 4.5.1.R).
3. K-factor requirements – Total K-factor requirements are \$136.4 million, a breakdown of which is provided in Table 4 below.

The Company's Own Funds Requirements are therefore determined by the K-factor requirements, i.e., \$136.4million, which is the highest of these three.

6.2 K-Factor requirements breakdown

The 'K-factor' approach is a new approach introduced by the IFPR to determine the minimum own funds requirements of an investment firm that is not an SNI. The aim of the K-factors is to provide a tailored and more appropriate method for setting a risk-based minimum own funds requirement for all types of investment firm compared to the CRR regime.

The K-factors relevant to the Company's business model include the following:

- K-factor requirement calculated on the basis of the Daily Trading Flow ("K-DTF") – designed to capture the operational risks relating to the value of trading activity a firm conducts throughout each business day. First component is 'cash trades' which includes both outright security purchase/sales and securities financing transactions ("SFTs"). Second component are derivative trades. DTF is measured as a rolling average over the previous 9 months but excluding the 3 most recent months.
- K-factor requirement calculated on the basis of the Net Position Risk ("K-NPR") – this approach carries forward the market risk requirements under the UK CRR.
- K-factor requirement calculated on the basis of the Trading Counterparty Default risk ("K-TCD") – captures the risk of the Company's exposure to the default of its trading counterparties. This includes derivative, long settlement transactions, SFTs and securities lending/borrowing designated as trading book.

Table 4: Breakdown of K-factor requirements

K-factor requirement: (Sum of)	31 March 2025	31 March 2024
K-DTF	5.3	5.3
K-NPR + K-TCD	131.1	280.0
Total K factor assessment	136.4	285.3

6.3 Overall financial adequacy

The Company utilises a number of approaches to ensure that it remains compliant with the overall financial adequacy rule under MIFIDPRU 7.4.7R, both in terms of own funds and liquidity resources.

Foremost is the annual assessment of own funds and liquidity adequacy conducted during the Internal Capital Adequacy and Risk Assessment ("ICARA") process, which considers the Company's resource requirements under 'business as usual' and a variety of severe yet plausible stressed scenario contexts.

- In the case of own funds, these requirements are forecast over a three-year time horizon and test a number of the key sensitivities of the Company's business lines and balance sheet. The Company then ensures that its current level of financial resources is adequate to remain a going concern during this period under all scenarios considered.
- In the case of liquidity, these requirements are forecast over a 90-day stressed cumulative net cash flow, which replicates a severe yet plausible liquidity crisis. The Company then ensures that its current level of liquid asset resources is adequate to remain a going concern during this period under all scenarios considered.

A Solvent Wind Down Plan ("SWDP") is additionally maintained to assess the resources and actions required in order to achieve an orderly wind down of the Company and its subsidiaries (and as a final step, the closure of its regulated business). The SWDP has been structured in accordance with key regulatory expectations and industry practices, such as the guidance set-out in the FCA handbook (MIFIDPRU 7.5).

The Company assesses its solvency against the higher of the wind down costs (fixed and calculated on a stressed basis) or a multiple of the underlying (IFPR) K-factor requirement (recognising the Company's ICARA harms assessment). This is monitored on an ongoing basis as part of the risk monitoring and reporting process outlined in section 2.

The above requirements represent the Company's 'threshold requirements' for solvency and liquidity as per the requirements of MIFIDPRU 7.6 and 7.7 respectively.

7. Remuneration policy and practices (MIFIDPRU 8.6)

The Company is classified as a large non-SNI MIFIDPRU firm and is subject to the FCA's MIFIDPRU Remuneration Code.

The Company has a Board of Directors that is made up of two Independent Non-Executive Directors (INEDs), two Group Non-Executive Directors and two Executive Directors. The two Executive Directors and the two Group Non-Executive Directors are members of senior management of other SMBC group entities who provide their services to the Company.

As of the reporting period, the Company has no employees, but individuals employed by other SMBC group entities are seconded to the Company. While these seconded employees remain employed by other SMBC group entities and are subject to its remuneration policies and governance structures, the Company's Remuneration Committee retains responsibility for the approval of the overall bonus fund allocated to these seconded individuals, and the compensation package of MRTs for the Company.

SMBC Group applies a consistent set of principles across its entities and these are reflected in the principles used to determine the remuneration of those employees and members of staff of other SMBC Group entities who provide their services to the Company.

The principles that guide and support remuneration policies and practices are intended to ensure that these are operated in line with business philosophy, aims and objectives, are in line with all relevant regulations, and promote effective risk management.

The principles support the operation of gender neutral policies with male and female employees being paid equal pay for equal work or work of equal value.

Incentives are intended to reflect

- financial performance including capital requirements
- current and future financial and non-financial risk exposures with information provided by the risk function to ensure all relevant financial and non-financial risk exposures are taken into account
- adherence to applicable risk and control frameworks
- conduct behaviours

Core performance criteria include: Customer Focus, Diversity and Inclusion, Enterprise Leadership, Trust & Integrity, Risk, Judgement & Decision Making, Driving Results, Driving Change and Being Strategic and Visionary.

Remuneration components include

- Fixed remuneration - salary, benefits and allowances
- Variable remuneration - annual incentive awards

Salary levels are assessed using the following factors and reviewed annually:

- a. the market rate for the function;
- b. the consistency of the market rate with internal peer groups;
- c. the knowledge, experience and competencies of the individual;

Annual incentives are discretionary and performance based and are awarded based on group, firm and departmental results and individual performance.

Guarantees are used only in exceptional circumstances, only in the case of new hires and only in their first 12 months of service.

Severance payments can be made on termination of employment. Severance payments are not made where there is evidence of poor performance or poor conduct behaviours.

Variable remuneration awarded to MRTs of the Company is subject to malus and clawback that can be applied in situations that include: a deliberate or malicious act, error, accident or negligence. Grounds for performance adjustment of variable pay can also reflect a responsible person's failure to act either to prevent a risk event or where timely action would have mitigated the effects of a risk event. Performance adjustment seeks to take account of matters that were not apparent at the time of the original variable award and may result in the loss of bonus.

Regulation

The Company is committed to the maintenance of robust remuneration arrangements that are in accordance with regulatory requirements including the Code.

Here are some of the ways in which the Company fulfils this commitment:

- a. Scope and Application – a clear process and set of guidelines is established to identify employees whose professional activities could have a material impact on the firm’s risk profile or of the assets that the firm manages, in accordance with the MIFIDPRU Remuneration Code. Such employees are designated as Material Risk Takers (“MRT”) and are notified of the requirements of their status;
- b. Governance – the Company is categorised as a large non-SNI firm. In line with FCA proportionality guidelines, it has constituted a Remuneration Committee to strengthen remuneration governance. The committee is primarily responsible for ensuring the remuneration policies comply with the FCA Remuneration Code in addition to specific responsibilities for the approval of senior management compensation, review of MRT compensation, bonus pool funding for seconded employees and employee conduct outcomes. Human Resources will seek review of the Remuneration Policy Statement and this disclosure from external consultants from time to time as deemed appropriate and necessary to confirm compliant approach to remuneration and the required disclosure. Advice in connection with the preparation of this remuneration disclosure has been provided by PricewaterhouseCoopers LLP (PwC).
- c. Capital – the aggregate total of variable remuneration in FY 2024 was considered in the context of the Company’s overall capital resources;
- d. Guarantees – the policy is that guarantees are used only in exceptional circumstances, only in the case of new hires and only in their first 12 months of service;
- e. Risk-focused Remuneration Policies – the policies, procedures and practices promote sound risk management. This is an important part of the policy which links risk and remuneration through the governance process, the performance evaluation process, deferral structures and performance adjustment provisions;
- f. The Company has a top-down risk adjustment which is produced by the Risk Management department. This uses attributed direct costs and then incorporates a cost of capital to reflect capital usage. The process is used to quantify the efficiency of capital usage in driving profitability and to assess the appropriateness of the size of the bonus funds.
- g. The Company also adjusts the bonus awards of seconded employees and MRTs if their behaviours are deemed to be incompatible with the organisation’s values and culture.

Material Risk Takers

The Company has identified MRTs in accordance with SYSC19G from the FCA’s MIFIDPRU Remuneration Code for the definition of Material Risk Takers for remuneration purposes. The Company has developed and applied internal guidelines against the defined criteria to identify those individuals that have a material impact upon the Company’s risk profile.

9. Remuneration of SMBC Nikko Capital Markets Limited in performance year 2024

Total amount of remuneration awarded to all staff in USD million				
1	Total remuneration			18.4
2	Total fixed remuneration			10.8
3	Total variable remuneration			7.6
MRTs				
4	Total number of MRTs			33
Remuneration of all staff				
		Senior Management	Other MRTs	Other staff
5	Total remuneration awarded	7.4	11.0	–
6	Total fixed remuneration awarded	4.7	6.1	–
7	Total variable remuneration awarded	2.7	4.9	–

Special payments		Senior Management	Other MRTs	Other staff
8	# of MRTs receiving guaranteed variable remuneration	–	–	
9	Total amount of guaranteed variable remuneration awarded	–	–	–
10	# of MRTs receiving severance payments	1	1	
11	Total amount of severance payments awarded	0.2	0.4	–
12	The amount of highest severance payment awarded to an individual MRT	0.2	0.4	

Variable remuneration of MRTs		Senior Management	Other MRTs
13	Variable remuneration	2.7	4.9
14	– of which, awarded in cash upfront	0.8	1.7
15	– of which, awarded in cash deferred	0.6	1.0
16	– of which, awarded in non-cash upfront	0.7	1.1
17	– of which, awarded in non-cash deferred	0.6	0.1
18	Deferred remuneration awarded for previous performance periods	2.2	2.1
19	– of which, due to vest in the financial year	0.4	0.4
20	– of which, due to vest in subsequent years	1.8	1.7
21	Deferred remuneration due to vest in the financial year	0.4	0.4
22	– of which, is or will be paid out	0.4	0.4
23	– of which, was due to vest but have been withheld due to performance adjustments	–	–

Senior Management includes Board Directors and members of the Company's Executive Committee. Other MRTs includes all other MRTs.

No guarantees or severance payments were made in the relevant time period.

The figures above are in respect of the financial period ending 31 March 2025 - including 12 months of fixed pay to 31 March 2025, and the bonus awards paid in June 2025 for the performance year FY 2024.

The Executive Directors and Group Non-Executive Directors all receive remuneration for their respective roles and do not receive any further remuneration for their role in the Company.

Independent Non-Executive Directors receive a fixed fee for their services, but do not receive any variable remuneration..

