MIZUHO

Annual Report 2020

Mizuho Securities Europe GmbH

Only the German language version is binding. The English version is not an audited translation.

MIZUHO

Contents

Management Report

The management of Mizuho Securities Europe GmbH (the "Company" or “MHEU”) presents its first management report and the first full year financial statements for the financial year ending 31 March 2020. The company is registered in Germany and has its registered office at Taunustor 1 in 60310 Frankfurt am Main.

1. Legal Structure and Business Activities

The Company was established in June 2018 in Frankfurt am Main/Germany as a subsidiary of Mizuho International plc ("MHI") based in London/United Kingdom to ensure a smooth and uninterrupted continuation of services to MHI's clients in the European Union ("EU") and the European Economic Area ("EEA") post Brexit. To this end, the Company obtained a licence by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”) in December 2018 to provide a range of financial and banking services to its clients.

In March 2019, the Company obtained the permission to operate cross-border to provide its services to clients domiciled in other countries of the EU and the EEA. After the Company commenced business activities in April 2019, branches in Madrid/Spain and Paris/France were established in July 2019 and January 2020, respectively, to promote business in the Iberian and Italian markets and the French and Benelux markets, respectively.

The Company and its parent are part of Mizuho Financial Group Inc. (“Mizuho Financial Group”), one of the world's largest full-service financial conglomerates. With offices in over 100 locations outside of Japan, Mizuho Financial Group employs approximately 60,000 employees worldwide and combines 140+ years of banking experience.

Closely aligned to the Mizuho Financial Group Inc. strategy, the Company provides tailored financial products and solutions to institutional and corporate clients across the EEA. There are two main business lines in MHEU, Global Investment Banking (“GIB”) and Global Markets (“GMK”):

- GIB arranges and underwrites new debt issuances for major EU/EEA corporate clients and Financial Institution Groups (FIG) clients of Mizuho Bank. GIB also provides underwriting of international equity offerings and convertible bonds EU/EEA corporations, and selective M&A services.

- GMK provides sales and trading of debt securities and cleared derivatives for EU/EEA institutional investor clients, and the sourcing of EU/EEA-originated products for the Japanese retail client base. GMK also provides Japanese equity sales, facilitation and investor relations services for EU/EEA clients.

2. Corporate Governance

As the Company is not listed, there is no requirement to comply with the German Corporate Governance Codex. However, the Company's Management Board (the "Board") consider that corporate governance is an important matter and, hence, as at the date of this report the Company have adopted a number of procedures comparable to those set forth in the German Corporate Governance Codex as set out below:

- As at 31 March 2020 the Board consisted of three Managing Directors (Geschäftsführer) which have full responsibility for control and oversight of the Company’s activities:

  - Mr. Christoph Seibel (Chief Executive Officer)
  - Mr. Wolfgang Köhler (Chief Risk Officer), and
  - Mr. Peter Krafft (Chief Financial Officer).

- The Board meets at least monthly and more frequently where business needs require.

Management Report (Continued)

2. Corporate Governance (Continued)

- The Management Board and the Company's activities are supervised through its Shareholder, represented by Executive Directors of MHI as well as certain MHI committees to which MHEU has implemented regular reporting arrangements, whilst maintaining the full accountability and independence of the Company's Management Board.

- In order to facilitate the effective conduct of business across the Company, the Board delegates certain matters to four committees, which comprise an Underwriting & Reputational Risk Committee, a Risk Management Committee, a New Product Committee, and a Front Office Supervision Committee. Whilst the Board ultimately remains responsible for all delegated matters, the affairs of those committees are organised to encompass the conduct of the Company's business. The responsibilities and constitution of those committees, referred to in the singular below, are as follows:

    - The Underwriting & Reputational Risk Committee is chaired by the CEO and attended by the CRO, CFO, Head of Legal and Head of Compliance. It is responsible for supporting the Board in relation to debt and equity underwriting, M&A, and reputational risk matters arising from these and other activities of the Company. This includes inter alia approval of underwritings in respect of primary issues, review of significant transactions and consideration of other matters, including reputational risk in relation to primary transactions.

    - The Risk Management Committee is chaired by the CRO and attended by the CFO, Head of Legal, Head of Compliance, Front Office business heads, and members of the Risk Management Department. It is responsible for supporting the CRO in relation to the oversight of the Company's risk profile and monitoring compliance with risk policy, limits, stress testing and risk appetite.

    - The New Product Committee is chaired by the CRO and attended by the CEO, CFO, Head of Legal and Head of Compliance. It is responsible for review and assessment of new product and new business proposals, which must include an analysis of all significant risks associated with such proposals. Recommendations are made by the New Product Committee to the Board with regard to these proposals.

    - The Front Office Supervision Committee is chaired by the Front Office Business Head and attended by the CRO, the Head of Compliance, a member of the HR department and a member of MHI's Front Office Business Management department. . It is responsible for supporting the CEO in relation to the oversight of Front Office department's supervision, including firm-wide review of conduct and behavioural matters.

The Company's organisational structure is designed to ensure that responsibilities are defined and authority is delegated only where appropriate, and that the Board receives regular management accounts containing a sufficient level of analysis of the financial performance of the Company. In respect of internal financial controls, the Managing Directors are responsible for ensuring that the Board meets regularly to review this information and takes appropriate decisions on all material matters.

3. Business Performance

3.1 Economic Situation and Business Environment

The financial year ending on 31 March 2020 was characterised by a weakening economic momentum, particularly in the manufacturing industry, which was due, among other things, to the trade conflict between the USA and the People's Republic of China, ongoing geopolitical risks and the withdrawal of Great Britain from the European Union on 31 January 2020 and the associated uncertainties.

The economic downturn that manifested itself during the course of the year led the US Federal Reserve Bank (FED) to cut its key interest rate by 75 basis points during the second half of 2019, while at the

3. Business Performance (Continued)

same time causing some existing liquidity shortages in the money market to expand its monetary policy measures. The European Central Bank (ECB) also reacted to the cooling global economic environment by again expanding monetary policy in September 2019 due to persistently low inflation and uncertainties about future trade relations with both the UK and the US, and decided to reduce the deposit facility by 10 basis points to minus 50 basis points. It also resumed its bond purchase programme.

The last quarter of the financial year ending on 31 March 2020 was dominated by the global spread of the coronavirus (COVID-19), which led to a significant global economic downturn, particularly in the last month of our financial year. In the USA, the economic situation deteriorated significantly, including a significant drop in the employment rate. Against this backdrop, the FED cut interest rates twice in March 2020 and the Trump government implemented further economic measures to stimulate the economy to the tune of approximately $2 trillion. The economic situation in Europe also cooled off sharply, so that the ECB decided to expand both the scope and the type of assets it would acquire to support the economy, including an expansion of long-term refinancing operations. The Bank of Japan (BoJ) also decided to expand financial support measures for companies and to increase purchases of exchange traded funds (ETFs) and corporate bonds. The Japanese government supported this with further stimulus measures.

The equity markets performed very positively in the first 11 months of our financial year, but then suffered massive price losses in March 2020.

The business development of our company in this financial year, the first one of Mizuho Securities Europe GmbH, was largely characterized by the build-up of operations, the establishment of customer relations, and a number of capital market transactions in the primary and secondary market

The Company's strategy focuses on achieving a step by step improvement in the quality of revenues through deeper collaboration with Mizuho entities and more product diversification. In addition, the company is supporting and contributing to the initiatives launched by MHI during the financial aimed to address the change in the macroeconomic environment in the prior year which led to lower than expected cross-border issuance, a reduction in large event-driven transactions as well as significantly increased volatility in Credit markets adversely impacting ongoing client flow. Furthermore MHEU is committed to Safeguard Mizuho from any Brexit risk by being able to provide business continuity to its EEA/EU clients in any eventual future arrangement between the United Kingdom and the EU, while at the same time fulfilling all of its licence conditions.

3.2 Deeper Cooperation with Mizuho Bank

Cooperation with Mizuho Bank was strengthened, with a focus on deepening the relationship between the two entities to leverage Mizuho's entire footprint and client connectivity in EEA/EU. Specifically, a number of projects were completed, targeting a more integrated business model. In the front office, the most significant of these projects has dual hatted the staff from the Mizuho Bank entities in Germany, France and Spain and MHEU (Frankfurt, Paris and Madrid) in order to support greater collaboration across Capital Markets and Relationship Management while at the same time adhering to all licence conditions and respecting Japanese firewall regulations.

3.3 Impact of COVID-19

In the weeks of and preceding the lockdown in Germany on 22 March 2020 the Company remained fully operational by moving the vast majority of staff (including all staff in Paris and Madrid) to remote working from home. Skeleton staff designated as Key Workers operated from the main office location in the Frankfurt office.

The Company retained a healthy liquidity and capital profile during March 2020. There were no operational risk events as a result of the working from home measures. The results of MHEU during the period were not negatively impacted.

Management Report (Continued)

3. Business Performance (Continued)

Looking forward the Company will continue to pursue a client-focused business model with more diverse revenue streams through product expansion in order to further protect the business during times of shock.

4. Situation of the Company

The company commenced its operational business in the current financial year on 1 April 2019, therefore there are no comparable annual financial statement figures for all items from last financial year, that was in addition a short fiscal year from 16 May 2018 to 31 March 2019.The results from MHEU's first active year of business including its most important key financial indicators are summarized below:

	2020 TEUR	2019 TEUR
Net income from operations	**22,030**	0
Administrative expenses & depreciation	**(17,618)**	(2,535)
thereof: Personnel expenses	**(7,531)**	(585)
Profit/(Loss) on ordinary activities before taxation	**4,412**	(2,535)
Tax on profit / (loss) on ordinary activities	**(645)**	0
Profit / (loss) for the year	**3,767**	(2,535)
Total Liabilities	**32,252**	2,261
Total Equities	**41,233**	37,465

	2020 TEUR	2019 TEUR
Tier One Capital	**37,464**	
Risk Weighted Assets	**58,133**	
Tier One Capital Ratio	**64%**	
Liquidity Ratio (LiqV)	**6,129%**	

4.1 Profit and Loss Accounts

The Profit for the year after tax TEUR 3,767 (previous year: TEUR (2,535)) is driven by fee income generated by GIB and transfer pricing revenues from MHI generated by GMK. GIB performance was good, driven by fees predominantly generated within primary debt markets, which saw increased issue volumes despite the market volatility during the last quarter of our financial year. The result is not significantly affected by exchange rate fluctuations,

The general administrative expenses and depreciations of TEUR 17,618 comprise personnel expenses and material costs incurred by the company including its branch in Madrid as well as set-up costs for its branch in Paris.

Management Report (Continued)

4. Situation of the Company (Continued)

The Management Board of the Company does not recommend the payment of a dividend in respect of the current financial year (2019: EUR 0).

4.2 Balance Sheet

As of 31 March 2020 the company had total assets of TEUR 73,485 (last financial year: TEUR 39,726). The increase in assets is mainly due to the start of operations in this financial year Assets and liabilities denominated in foreign currency are shown in the notes. The amount comprises securities held as liquidity reserve TEUR 36,013, trading assets of TEUR 17,465, other assets and prepayments of TEUR 5,798 and receivables from credit institutions of TEUR 12,903. Tangible assets of TEUR 1,305 mainly consists of office fit-out costs and equipment of the Frankfurt office and the company's branches. Total liabilities comprise liabilities to credit institutions TEUR (26,531), other liabilities TEUR (1,383) and provisions TEUR (4,338). The company's total equity increased by the profit for the year to TEUR 41,233 as of 31 March 2020 and consists of share capital, capital reserves and retained earnings.

4.3 Regulatory Ratios

As of 31 March 2020, the Company had total regulatory capital of TEUR 37,464 and risk-weighted assets (RWA) of TEUR 58,133, resulting in a total capital ratio of 64%. The total risk-weighted assets of the Company are mainly affected by the operational risk and the credit risk. The liquidity ratio (LiqV) as of 31 March 2020 is 6,129%. Consequently the solvency and adequacy of MHEU's own funds were ensured at all times in this financial year. This means that key regulatory ratios are well above the legal minimum requirements. Taking into account the status of the Company on its development path, the Management Board assesses the economic situation of MHEU as satisfactory overall. The capitalisation is to be assessed as solid. The financial situation is also sound. The Company was solvent at all times during the year under review. No significant financial risks are discernible in the balance sheet structure.

4.4 Other Key Performance Indicators ("KPIs")

The Company has set out below KPIs to assess its main business performance effectively;

	2020
	TEUR
Business Performance KPIs	
(Loss)/Profit from GIB before tax	**3,563**
(Loss)/Profit from GMK before tax	**914**

The Company remains fully committed to the journey of building more representative workforce with embeds a culture of inclusiveness. The MHEU's pillars of building trust, inspiring diversity of thought and embedding a winning spirit is reinforced by the reward structure, seeking to progress towards a more balanced and inclusive workplace where everyone can thrive.

MHEU continuously looks to support clients to access European and international markets. Rankings, particularly with European Corporate clients issuing in Euros show considerable improvement. With regards to USD issuance, despite overall Yankee volume reducing year on year, the MHI Group improved its rankings and over a two year basis has increased its market share. In relation to Samurai bonds, the MHI Group has underwritten over 23% of the total volume of JPY issuance for its client set in the last 12 months.

5. Forecast and Opportunities Report

The outcome of the EU-UK negations regarding the future relationship from 1 January 2021 will have an important impact on the operations of MHEU, especially for the results of the GMK business. In the case of a "Hard Brexit" with the elimination of the possibility of cross-border business from the UK, the volume of business of the GMK business in MHEU could increase rapidly and significantly. Conversely,

Management Report (Continued)

5. Forecast and Opportunities Report (Continued)

in the event of an extension of a transition period, however, a more gradual increase in the volume of business should be expected.

There is global uncertainty surrounding the impact of the COVID-19 pandemic; the Company will continue to monitor the situation closely and take necessary measures to deal with the challenging market circumstances. Together with its parent MHI and the Mizuho Financial Group as a whole, the Company will work with all stakeholders to review learnings from this pandemic in order to future proof and, where necessary adjust the business model going forward.

MHEU will continue to pursue a client-focussed business model, focusing on achieving a gradual improvement in the quality of revenues. This improvement will come through deeper collaboration with Mizuho entities, in particular through the newly dual hatted teams and through greater product diversification as the Group leverages opportunities to grow the product set that arise in the aftermath of the global pandemic. The Company expects for the next financial year ending 31 March 2021 a slight increase in revenues in GIB but the (Loss)/Profit from both departments GIB and GMK before tax are Forecast, opportunities Report (Continued) expected to be relatively similar to this year. However in the first two and a half month of the financial year ending 31 March 2021 the GIB profits before tax outperformed budget due to better market conditions. In the business line GMK the budgeted profits were estimated on the assumption that the transfer pricing model will continue for the full financial year ending 31 March 2021.

This strategy, alongside its state of the art technology and a commensurate, reengineered operating model and cost base will be imperative for the Company’s growth.

The Company has a strong governance, risk and control framework with key focus on conduct risk. In all its activities, MHEU’s people are at the centre, alongside its clients. Therefore, a prerequisite for the sustainable success is the continuous promotion of Learning & Development, Inclusion & Diversity as well as Culture & Conduct initiatives. The Company will focus further on supporting the outlined strategy and targets by developing a truly inclusive culture. This is expected to create opportunities for growth and future-proof the Company by enhancing diversity and reinforcing its ethically resilient culture.

The political uncertainties relating to Brexit described above, the expected slowdown in economic growth and possible disruptions in regional and global financial markets may adversely affect the Company’s business prospects.

6. Risk Report

The Company started business on the 1 April 2019. A comparison with the risk management framework and activities in the previous business year is therefore not available.

6.1 Risk Management Framework

The Company maintains a prudent approach to risk to ensure that it can operate safely and to support sustainable business development in keeping with the Board's strategy. A culture which is supportive of strong risk management, in line with clear principles and tolerance for risk is led by the Management Board. The Company has a strong and independent Risk Management function responsible for the identification of principal risks, maintenance of risk control frameworks, and for keeping the Management Board informed of the Company's risk profile.

6.2 Risk Culture

The Company believes that a strong risk management culture is essential to achieve its business objectives. With ultimate responsibility for risk governance in the Company, the Management Board embeds a strong risk management culture through the establishment of an independent Risk Management function which works closely with the business and ensures that risk management is understood as a shared responsibility.

6. Risk Report (Continued)

6.3 Risk Principles

The Management Board has established clearly defined risk principles which describe the Company's key risk management objectives in support of its business strategy, which are summarised below:

- Maintain a predictable moderate risk profile;
- Ensure that effective control of balance sheet usage and concentration risk is exercised, without tolerating breaches of the limit framework;
- Preserve strong capital and liquidity ratios and comply with all regulatory requirements;
- Maintain a robust funding strategy with regard to both the sources and tenor of funding; and
- Ensure that remuneration arrangements are aligned to risk appetite

6.4 Risk Appetite

The Management Board's risk appetite describes the levels and types of risk that the Company is prepared to accept in pursuit of its business strategy. The risk appetite is prudently quantified with reference to scenario and stress testing, and is set so as to ensure that the Company is able to maintain a sound financial position throughout economic cycles. The risk appetite is implemented through a supporting limit framework that ensures all material sources of risk are controlled in a manner consistent with the Management Board's overall risk tolerance. The Company adopts a structured approach to limit management which ensures that limit reporting and oversight take place at the appropriate level within the organisation. The status of the Company's overall risk profile in relation to the risk appetite is overseen by the Management Board.

6.5 Risk Governance and Assigning Responsibility

Three Lines of Defence (3LOD)

In keeping with the MHI Group's risk culture, responsibilities for risk management are assigned to multiple functions within the organisation under the three lines of defence model, to ensure that the risk management framework is robust, effective and manages all risks.

- **The first line** is any business or corporate function that originates risk, owns it and is responsible for that risk. The first line function is obliged to understand the implication of any risks run by it and to conduct its own supervision to control/manage the risk.
- **The second line** is provided by Risk Management and Compliance who are responsible for conducting independent challenge, oversight and reporting of risk and validating the management of risks by the first line of defence.
- **The third line** of defence is provided by the Internal Audit Function that is independent of both the first and second lines of defence. The role of the third line is to independently check and verify the effectiveness of the first and second lines of defence and to escalate to the Management Board any deficiencies that it identifies.

The Company’s risk controls are implemented in line with the risk appetite statement by setting various risk limits and policies owned by the Management Board which are cascaded down to more granular and specific limits which are owned by delegated risk management authorities.

6.6 Risk Governance

The Management Board retains responsibility for approval of the Company's risk appetite, risk management oversight and capital and liquidity matters, including compliance with applicable regulation. The CRO being the head of the principal risk control functions Risk and Compliance, is mandated to

6. Risk Report (Continued)

assume responsibility for risk challenge and oversight and to update and inform the Management Board of matters relating to his functions and company-wide risk management.

6.7 Risk Management Function and Approach

MHEU maintains a strong and independent Risk Management function which is headed by the CRO of MHEU who is a Member of the Management Board of MHEU and has a direct reporting line to the Chief Executive Officer. Additionally, independent oversight is provided by the Shareholder which remains fully informed on all MHEU risk management matters through regular reporting to the MHI Board Risk Committee.

Risk Management is mandated to oversee all material classes of risk to which MHEU is exposed, other than conduct risks which is overseen by the entity's Compliance function. Risk Management is structured to facilitate oversight of these principal risk classes and has direct responsibility for market, credit, liquidity, regulatory governance, and operational risk oversight. Across MHI Group a common approach to risk oversight is adopted for each principal risk class, in accordance with a comprehensive framework of risk policies established for those classes.

Risk identification, quantification, control, risk monitoring and reporting processes are designed to achieve effective management in line with the risk appetite statements through a top-down delegation of authority.

6.8 Risk Identification

Following examination of all activities of the Company, all material risk exposures are identified and recorded within the MHEU risk register, whilst responsibility for the assessment of those risks resides with both the business and the risk control functions. The risk register contains classification of materiality, mitigants and controls to ensure capital adequacy.

No specific risks were excluded from the risk identification process. The 1LOD is actively engaged in an ongoing dialogue with the 2LOD to avoid any risks which could retrospectively be deemed unnecessary.

6.9 Risk Assessment and Quantification

Risks and sub-components of risk are assessed through the implementation of a variety of measures or metrics relevant to each risk class. Risk assessment measures are developed in accordance with accepted measurement methodologies for each class of risk, and the resulting assessments are classified according to severity, to provide clear identification of MHEU's material exposures. Risk assessments are conducted in relation to both normal and stressed market conditions.

6.10 Risk Control and Mitigation

Risk exposures are managed by business and corporate functions using a range of techniques relevant to the individual risk class. Such techniques encompass the back-to-back booking model, risk transfers, credit risk mitigation techniques, business continuity planning and the purchase of insurance.

Risk control limits and key risk indicators are established to ensure that risk exposures remain within specified levels, and that the Company is able to operate in accordance within its defined risk appetite. A comprehensive limit framework is maintained by risk class, with defined levels of authorisation to ensure that risk exposure levels are authorised and monitored at the appropriate level within the Company's governance hierarchy.

6.11 Risk Monitoring and Reporting

Reporting of risk exposures in relation to risk limits, and more broadly with regards to trends in the Company's risk profile and emerging risks, is performed by the Risk Management function (and by the Compliance function with regards to conduct related matters). Reporting is conducted in relation to all principal risk factors, and is designed to enable effective governance of the Company's risk profile. The

6. Risk Report (Continued)

Management Board are regularly informed of the Company's risk exposures and compliance with risk limits. In addition to monitoring current risk exposures, the Company also monitors potential future adverse developments by establishing entity-specific early warning indicators whose breach may indicate deterioration in the capital and liquidity strength. Monitoring and reporting the status of these early warning indicators forms part of Company's contingency planning arrangements.

For most risk metrics and limits, exposures are monitored daily by automated processes to support timely management information that includes several daily risk reports to the Chief Executive Officer, the Chief Financial Officer and the Chief Risk Officer, monthly risk reports to the Risk Management Committee which is attended by the Management Board members and a monthly risk report to the MHI Board Risk Committee in order to keep the Shareholder informed on an ongoing basis.

7. Risk Organisation and Structure

7.1 Risk Management Structure

The Risk Management function, led by the Chief Risk Officer, comprises of the following areas:

- Credit Risk
- Market Risk
- Operational Risk
- Regulatory and Liquidity Risk
- Risk Analytics
- Risk Reporting
- Model Validation
- Information Risk Management
- Business Continuity Management
- Data Protection

The areas either have MHEU Risk officers as representatives or respective Risk Management services, primarily focused on the collation and publication of reporting and management information, are resourced at MHI and allow the MHEU Risk Management function to identify, quantify (where possible), monitor and control the risks and potential risk concentrations to which the firm is exposed to. Risk Advisory services will also be provided to MHEU as required, however, the full authority to mitigate the risks of MHEU lies exclusively with MHEU Risk staff.

MHEU has a **Risk Management Committee**, chaired by the Chief Risk Officer which advises the Management Board on risk methodologies, limits and policies, for market, credit, liquidity and operational risk and monitors compliance with these limits. The Chair has sole decision making powers in relation to the matters covered by the Risk Management Committee.

MHEU also has a **New Product Approval** process which ensures that the risk and reward equation of new products as well as businesses, jurisdictions, markets, processes and systems is carefully analysed and considered before a business decision is arrived at. It is chaired by the CRO.

All components of the risk management framework are regularly reviewed by **Internal Audit** which apply a risk based approach as far as their Audit Plan and frequency of review activity is concerned. The Internal Audit function itself is outsourced to a highly reputable Audit firm to ensure full independence and scalability of the Audit work.

The current organisational structure of the Risk Management Department was deemed to be sufficient for a soft Brexit. Plans are being executed to further enhance the Risk Management function in preparation for the economic Brexit at year end 2020 and for further growth in substance of the Company.

7. Risk Organisation and Structure

7.2 Adequacy of Risk Management Arrangements

The Company assesses the adequacy of its risk management framework and of the amount of capital and liquidity that it needs to hold in respect of its risk profile on an annual basis, or more frequently if required. This assessment is formally documented within the Company's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), and is approved by the Management Board. The most recent ICAAP and ILAAP exercises concluded that the risk management arrangements adopted by the entity were adequate in relation to its risk profile and strategy. Further, through its risk management framework, risk appetite and limit framework, independent reviews and ongoing programme of enhancements, MHEU confirms that its risk management is effective. The regulatory capital requirement per 31 Mar 2020 was EUR 8.4 mm. With capital resources of EUR 37.5 mm the coverage ratio was 444%.

8. Strategic Approach to Risk Management

The firm's risk management concept is closely linked to the risk management concept of the MHI Group and uses - via outsourcing contracts - its infrastructure. Through its local governance, the firm establishes, where deemed appropriate, specific risk management controls, policies, procedures and processes and articulates its risk appetite, i.e. the maximum amount and types of risks that the firm is willing to take in accordance with the overall risk appetite of the MHI Group in the pursuit of its strategic objectives and its business plan.

The risk strategy of MHEU is formulated by the Risk Appetite statements and the MHEU Risk policies. They are annually reviewed and approved by the Company’s Management Board. Upon request, they are submitted to the Shareholder of MHEU.

The firm's activities comprise both the assumption and the transfer of certain risks, which the firm has to manage independently. In accordance with the Minimum Requirements for Risk Management ("MaRisk"), the firm’s risk strategy defines its strategic approach to risk management and sets its risk appetite in line with the business strategy of MHEU.

The overall objective of the risk management process of MHEU is to identify, quantify (where possible), monitor and control the risks and risk concentrations to which the firm is exposed. For all risks that are deemed to be material the risk strategy defines the strategic approach to risk management.

All risks the firm is exposed to are potentially material, however subsequent to the assessment process which takes place annually prior to the generation of the ICAAP the following risks are deemed to be material in line with the risk inventory of MHEU:

- Credit and Counterparty Risk
- Operational Risk
- Liquidity Risk
- Business Risk
- Dependency Risk

The assessment of materiality takes into account the business plan of MHEU which prepared the company for a Hard Brexit. Since the volume of business in the financial year under review remained lower, in particular in secondary markets due to the delays of Brexit and was limited to internal test transactions with a bigger number of counterparties and a small number of counterparties which have built out their trading activity over time, even those that were considered to be material risks only have a minor impact on the Company.

MHEU has implemented an (ICAAP) in accordance with the requirements of MaRisk and the supplementary BaFin guideline on ICAAP. The ICAAP offers a Governance framework for a detailed capital plan, risk-bearing capacity calculation and corresponding stress tests. In order to assess the Company's risk-bearing capacity, MHEU has developed and implemented a normative and an economic perspective.

8. Strategic Approach to Risk Management (Continued)

The **normative perspective** takes into account the requirements for regulatory minimum capital ratios, including combined capital buffer requirement, the SREP premium and the target capital ratio. It comprises a three-year, scenario-based review of adherence with Pillar 1 quotas under a standard scenario and a negative scenario. From a normative point of view, the risk coverage potential (RDP) corresponds to the regulatory capital, which consists exclusively of core capital (Tier 1) equalling EUR 37.5mn. The capital requirement for the risks assumed is quantified on the basis of internal, institution-specific calculation approaches and was EUR 9.8 mm, leaving MHEU with a coverage ratio of 383%.

The **economic perspective** aims at protecting creditors from losses from an economic point of view. This is the same risk-bearing capacity largely in line with the existing requirements for economic or net present value. The Economic risk capital is valued on the basis of a confidence level of 99.9% and a holding period of one year, or to a confidence level of 99% where the more severe expected shortfall measure is used. MHEU had a risk capital of EUR 36.1 mm available against a requirement of EUR 12 mm. leaving MHEU with a coverage ratio of 300%. The Risk coverage actions correspond to the risk coverage potential (RDP) in the normative perspective.

The risk-bearing capacity concept and stress tests are validated annually on the basis of the risk inventory. The risk-bearing capacity of the company was given at all times during the past fiscal year. Stress tests are an integral part of risk management at MHEU. Stress tests are used to supplement the ICAAP and internal risk models to identify certain risks for portfolios at different levels that could be affected by specific shocks. Stress tests are designed to be sufficiently demanding and comprehensive in terms of business and risk coverage. In order to obtain a uniform picture of the risks, stress tests are applied for specific risk types and across risk types.

Additionally MHEU has also implemented an (ILAAP) and a Recovery and Resolution Plan, both of which were submitted to the regulator in May 2019, subsequent to the ICAAP which was submitted before start of business.

9. General Risk Categories

9.1 Business Risk

The business risk is the risk that revenues do not cover costs because of the earnings situation or the efficiency or effectiveness of the company's business operation has deteriorated. This risk has been identified as an idiosyncratic risk of a significant decline to earnings resulting from an adverse scenario considering macroeconomic, geopolitical, industry, regulatory or other factors.

MHEU addresses this risk through forward-looking stress testing, managing it through (i) the establishment of credible management actions to mitigate the impact of an adverse scenario and (ii) holding capital to support the residual impact post-management actions of the worst adverse scenario through its normative and economic capital assessments.

Additionally, business risk is together with other general risks in the European financial markets closely monitored and managed by the Management Board of MHEU. With the establishment of its branches in the Spanish and French markets the Management Board has further widened the scope of in depth market surveillance.

Due to the business model of MHEU (exclusively back-to-back booking with MHI) and equities trading exclusively in Japanese markets, there are no touch points with the so called cum/cum or cum/ex transactions and consequently no exposure has been incurred in relation to recents industry issues.

In line with the simplistic business model no financial instruments with an impact on the balance sheet were used during the reporting period.

9. General Risk Categories (Continued)

9.2 Dependency Risk

It is recognised that MHEU has a dependency on MHI, at least in the early stages following its establishment. This arises from outsourcing arrangements, the back-to-back booking model, and funding.

MHEU's liquidity risks associated with MHI are assessed and managed through its ILAAP, with associated limits and daily stress testing to ensure continuing liquidity adequacy and availability of funding. The risk of MHI not performing its operational obligations over a prolonged period, or its default, are recognised to pose a challenge to MHEU's ongoing viability, at least in the short term. To ensure that MHEU's creditors and the wider financial system are not impacted by such an event, a solvent wind down analysis has been conducted to demonstrate that MHEU could fully unwind its operations and balance sheet with residual capital resources remaining at the end.

9.3 Financial Risks from Climate Change

Climate change, and society's response to it, presents financial risks which may crystallise over longer time horizons, and are also becoming apparent now. These risks manifest through two risk factors: Physical risk related to specific weather events (such as heatwaves, floods, wildfires and storms) and longer term shifts in climate (such as changes in precipitation and extreme weather variability, sea level rise and rising mean temperatures); and Transition risks which can arise from the process of adjustment towards a low-carbon economy. This adjustment is influenced by a range of factors including: climate-related developments in policy and regulation, the emergence of disruptive technology or business models, shifting sentiment and societal preferences, and evolving evidence, frameworks and legal interpretations.

The MHI Group is currently developing a strategic approach that considers how actions today will affect future financial risks, in a way which is proportionate to the nature, scale and complexity of MHI Group's business.

10. Specific Risk Categories

10.1 Credit Risk

Credit risk is the risk of financial loss to the Company arising from the failure of a customer, client, issuer, or counterparty to meet its contractual obligations.

The Company's activities that give rise to counterparty credit risk, such as sales in derivatives and securities which supports MHI Group's market-making are discussed below in section 10.2 and the credit risk arising from exposure to issuers of traded debt is discussed within section below.

Credit risk appetite forms a key component of the Company's overall risk appetite and is approved by the Management Board. The Company's employs a range of metrics in support of this, which are used to limit and monitor the credit risk exposures in accordance with credit risk management policies. The principal sources of non-trading credit risk exposures arise from funding operations through the placement of cash resources and deposits with third parties.

Credit exposures also arise in the ordinary course of business through short term receivables and, in addition, Pillar 1 credit risk charges also apply to investments in fixed assets. The Company does not undertake commercial or retail lending activity and does not extend credit through the provision of guarantees. Non-trading credit risk exposures are measured in accordance with balance sheet carrying values, after taking account of any applicable credit risk mitigation (CRM) arrangements and adjustments for credit impairment.

10.2 Counterparty Credit Risk

Counterparty credit risk forms part of the Company's overall credit risk but is differentiated from that discussed above in section 10.1 in that it arises where the failure of a counterparty to meet its contractual

10. Specific Risk Categories (continued)

obligations may lead to losses of an uncertain nature, driven by fluctuations in market valuations. Counterparty credit risk forms a key component of the Company's overall risk appetite, and is approved by the Management Board. The Company employs a number of metrics in support of this which are used to limit and monitor the credit risk exposures in accordance with credit risk management policies.

The Company is exposed to counterparty credit risk only in the form of Pre-Settlement Risk arising from its sales activities for securities trading supporting MHI Group's market-making activities. The company places deposits with custodians and clearers in order to facilitate the settlement of transactions. All of the custodians and clearers used are financial institutions rated BBB or above.

Counterparty Credit Risk Methodology

Counterparty credit risk is assessed and limits are set in accordance with the Company's methodology. Exposure is evaluated by determining the potential size of counterparty exposures which may arise from transactions over their life. The potential size of counterparty credit risk is a function of both current and potential future exposures. Potential future exposures to a counterparty default, which may arise through securities trading, derivatives, and repurchase agreement contracts, are estimated using historical volatilities of key pricing variables to those contracts over their remaining life. Counterparty credit quality is assessed using external credit ratings where available, or alternatively an internal rating is assigned in accordance with internal credit rating methodology. Counterparty credit limits are established in accordance with the Company's methodology for measuring counterparty credit risk, taking into account executed documentation with permissible netting and collateral management arrangements, and consistent with the overall credit risk appetite.

The company also sets limits on the level of nostro balances in order to manage credit risk and comply with large exposure regulations. Regulatory credit risk capital is driven by MHEU’s nostro balances at custodians and clearers, plus a small amount for long-settlement transactions related to primary markets activity. For internal capital, we also add a potential future exposure calculation for cash trades in securities based on historical volatility and a conservative estimate of the worst-case settlement period.

The following table shows the amount of risk-weighted assets ("RWA") for credit and counterparty risk as of 31 March 2020:

	2020
	TEUR
Credit Risk	
Pillar 1 & Pillar 2	**912**
Risk Weighted Assets (RWA)	**7,605**
Capital Conservation Buffer (2.5% RWA)	**190**
Total Capital	**1,102**

Settlement risk is due to late or failed settlements. As at 31 Mar 2020, there were an unusually high number of failing trades due to operational issues experienced by our clients during the early days of COVID-19, which we were able to resolve with the help of our experienced operations team in London. The internal capital for this risk is already included in potential future exposure calculation described above, which dynamically extends the worst-case settlement period for failing trades.

Counterparty Credit Risk Mitigation

Risk mitigation techniques are used to reduce counterparty credit risks arising from the Company’s activities. These techniques include the use of netting agreements, acceptance of collateral, application of haircuts, and execution or novation of transactions with central counterparties, whereby credit risk to individual counterparties is replaced by exposure to a central counterparty. Derivative sales activity is undertaken using netting agreements on a collateralised basis, unless exceptions are approved in accordance with credit risk policies. Collateral arrangements are governed by standard agreements (such as Credit Support Annexes to International Swaps and Derivatives Association (ISDA) Master

10. Specific Risk Categories (continued)

Agreements and Global Master Repurchase Agreements). The forms of collateral which may be accepted are subject to the Company's internal credit risk policies, which seek to ensure that in the event of counterparty default the value of collateral held is sufficient to compensate for losses arising from such default. Collateral is revalued on a daily basis in accordance with collateral management procedures.

10.3 Liquidity Risk

Liquidity Risk is the risk that the Company does not have available sufficient capital and funding resources to enable it to meet its financial contractual obligations as they fall due.

MHEU is exposed to liquidity risks arising from its activities. In particular, intraday liquidity risk and the risk of additional initial margin posting requirements are considered to be the most material. MHEU's funding sources are currently limited to MHI Group funding, and include capital injections and lending from MHI.

Risk Management

Liquidity risk can result from a lack of availability of external funding, and the inability to convert securities into cash to meet near-term funding requirements. Strategies and processes in the management of liquidity risk The Company's management of liquidity risk aims to ensure that there are sufficient liquid resources, both in amount and quality, to enable MHEU to meet financial contractual obligations as they fall due, even during times of idiosyncratic and / or market stress. MHEU maintains liquidity in excess of regulatory and internal risk appetite requirements. The Company's business model is simple, largely cash-based, with derivatives predominantly being of a vanilla and cleared nature, has access to funding primarily through MHI, allocates costs to businesses in a transparent and effective way, and has a robust limit and control framework to protect against liquidity risks in excess of appetite. The Company further mitigates liquidity risks through maintenance of HQLAs in a segregated portfolio under the control of its Treasury function. MHEU performs stress testing of their liquidity risk positions; a dynamic and forward looking approach is taken for internal liquidity stress scenarios and their underlying assumptions. Reporting of liquidity risks and associated stress testing is undertaken routinely by the Risk Management Committee. Significant matters are escalated to the Management Board.

Structure and Organisation of the Liquidity Risk Management Function

Liquidity risk appetite is a component of the Company's overall risk appetite and is set and approved by the Management Board. The Management Board delegates responsibility over the day to day management of liquidity risk to the Treasurer. Responsibility for liquidity risk oversight is delegated to the Risk Management Committee.

Scope and Nature of Liquidity Risk Reporting and Measurement Systems

Robust systems, procedures and policies ensure that liquidity regulatory reporting and risk oversight metrics are produced in compliance with the internal and regulatory requirements.

Adequacy of Liquidity Risk Management Arrangements

MHEU has produced and maintains an ILAAP document detailing how principal liquidity risks are assessed, quantified, and managed. Further, this document highlights the Company's approach to determining the minimum level of liquidity resources required to be maintained to mitigate those risks in line with its overall liquidity risk management and liquidity risk appetite, approved by the Management Board.

The approval and overall ownership of the ILAAP is the responsibility of the Management Board. The leadership for preparation of the ILAAP document has been delegated to the CRO with support from the Risk Management Department, Finance, Regulatory Reporting, Treasury & Funding, Compliance, and impacted business areas. The document has been discussed and challenged by senior management, including the CEO, the CFO and the Head of Compliance.

10. Specific Risk Categories (continued)

The ILAAP document is an integral part of the Group's liquidity management framework and informs the Management Board of the ongoing assessment and quantification of liquidity risks, how these are mitigated, and required liquidity resources. The CRO, through the Head of Regulatory & Liquidity Risk Management and supporting functions, is responsible for maintaining and updating the ILAAP document, monitoring liquidity adequacy, and ensuring that the ILAAP document is reflective of MHEU's liquidity risk management at all times.

The ILAAP document is dynamic and updated at least annually, but also in line with changes in regulations, risk appetite, business model, and market conditions. The annual Management Board approval of the ILAAP, including statement of liquidity risk appetite, is taken as management's declaration and attestation of the overall liquidity adequacy requirement of liquidity risk management systems and conformance with overall liquidity risk profile.

10.4 Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Risk Management

Operational risk tolerance forms a component of the Company's overall risk appetite and is approved by the Management Board. The Company has no tolerance for inappropriate staff behaviour which may result in damage to its reputation or to the interests of its clients.

The principal operational risks to which the Group is exposed include knock-on effects on other risks such as technology failures (including cyber-attacks and data privacy violations), fraud, human error, the creation of unauthorised credit or market risks, regulatory breaches, and litigation.

Operational risk exposures are assessed and measured using a framework which includes: risk and control self-assessments, key risk indicators, internal loss event reporting, external loss event capture, and scenario stress testing. The type and level of risk that MHEU is willing and able to accept in pursuit of its strategic objectives is expressed in tolerance statements. Operational Risk tolerance is a subset of the Company's overall risk appetite and risk capacity.

The Company has a defined level of tolerance for certain types of risk materialising (conduct risk, cyber security breaches, rogue trading, regulatory breaches and actions that give rise to unacceptable levels of legal liability), while tolerance for all other operational risks is determined by financial impact. Here tolerance is defined in terms of financial impact relative to revenue.

The Company mitigates such risks through the maintenance of a comprehensive system of internal controls, which incorporates a strict segregation of duties between front and back office functions, the purchase of external insurance, and business continuity planning. Root cause analysis is undertaken to investigate internal instances of operational loss or near miss incidents. In cases where internal controls cannot be implemented to reduce operational risk to an acceptable level, consideration is given to avoiding or transferring the risk altogether.

Operational risk reporting is undertaken routinely to the Risk Management Committee. Significant matters are escalated to the Management Board and the MHI Board Risk Committee.

The capital requirements under Pillar 1 for operational risk are calculated by applying the Basic Indicator Approach (BIA).

As of 31 March 2020, the risk-weighted assets of the Company for operational risk amounted to TEUR 50,329. In recognition of the fact that the BIA is not a risk-based measure, the Group uses an internal model to calculate the internal capital requirement for operational risk. MHEU's internal capital model utilised a scenario-based loss distribution model combining hypothetical severe losses and probabilities from subject matter experts within the bank together with estimated correlations. The Company maintains sufficient capital to cover the additional capital requirements of the internal model beyond the

10. Specific Risk Categories (continued)

requirements of Pillar 1. In the report year MHEU had zero financial losses resulting from operational risk incidents.

Operational risk capital drivers as of 31 March 2020:

	2020
	TEUR
Operational Risk	
Pillar 1 & Pillar 2	**6,039**
Risk Weighted Assets (RWA)	**50,329**
Capital Conservation Buffer (2.5% RWA)	**1,258**
Total Capital	**7,297**

10.5 Market Risk

Market risk is the risk that changes in interest rates, foreign exchange rates, credit spreads, equity prices and other rates, prices, volatilities, correlations or other market conditions, such as liquidity, will have an adverse impact on the Company's financial condition or results.

Principal Market Risks

The principal market risks to which MHEU is exposed are FX risk and interest rate risk. As a consequence of MHEU's back-to-back booking model, the primary source of interest rate risk is restricted to the high quality liquid assets (HQLA) which the Treasury function of MHEU maintains.

Risk Management

Risk Management is responsible for monitoring compliance with all market risk limits and policies. Management of all market risks is the responsibility of the individual business units.

Market risk in the Treasury funding and HQLA portfolio is measured using yield curve sensitivities (PV01) and stress test scenarios, even though the numbers generated by the latter are small. All of the interest rate risk present is held in the banking book, with a net PV01 of EUR 109 / bp in the treasury book due to funding deposits and HQLA bonds held for liquidity purposes.

Market risk capital drivers as of 31 March 2020:

	2020
	TEUR
Market risk	
Pillar 1 & Pillar 2	**17**
Risk Weighted Assets (RWA)	**145**
Capital Conservation Buffer (2.5% RWA)	**4**
Total Capital	**21**

Given the back-to-back booking model and the sole occurrence of market risk in the Treasury funding and HQLA portfolio, market risk has been deemed to be not material for MHEU.

Management Report (Continued)

11. Risk Profile

The Mizuho Financial Group is an international financial services group, which provides commercial banking, securities and trust banking services. Within the overall group, the Mizuho Securities Group provides securities and investment banking services on a global basis by utilising regional entities to risk manage regional products (e.g. US, EMEA, Asia) for distribution to global clients.

MHEU provides advisory, primary and secondary sales and trading functions to institutional European clients. The firm's client base consists primarily of corporate, SSA and financial issuer clients and a range of institutional investor clients. MHEU trades in a relatively vanilla product set, comprising equity and debt securities and cleared derivatives, under a riskless principal booking model. Market risk exposures arising from MHEU's primary and secondary market activities are managed by other group entities in accordance with the group's current regional risk management framework.

The Management Board requires that a moderate risk profile is maintained in pursuit of this strategy. The Company's Investment Banking and equity broking activities result in low levels of risk exposure as underwriting activity is predominantly conducted without accepting significant underwriting risk and equity broking activity does not expose the Company directly to equity market risk. Fixed income sales activities result due to the employed back-to-back booking model in no risk as the Company does not have to maintain sovereign, financial and corporate inventory and currently does not provide securities financing services. Any derivative risk management solutions to clients are cleared. The Management Board's risk appetite with respect to capital is quantified with reference to minimum capital requirements and stress testing, and ensures an appropriate surplus is maintained over the Company's assessed capital requirements. The aggregate risk appetite measure is supported by a range of supporting limits and metrics which facilitate the control of individual risk factors at a detailed operational level.

12. Employee Concerns

Within our company, people are our most valuable asset. The success and reputation of MHEU as part of MHI Group is driven by the commitment, hard work and integrity of its employees. The Company and its business streams are managed in accordance with a variety of measures, which are reported on a regular basis to the Management Board. The primary measures that are used to monitor and manage performance within the Group include profit before taxation, capital utilisation, VaR utilisation and stress test exposures.

12.1 Remuneration

MHEU itself is not a "significant" institution, within the meaning of the Remuneration Ordinance for Institutions (the "IVV"). However the Company is obliged to comply with certain requirements with respect to their remuneration through the MHI Group. As a non-significant institution, MHEU would not be required to identify Material Risk Takers ("MRTs"). However, under CRD IV, the parent company MHI is required to identify MRTs throughout the EU regulatory consolidation group. These individuals are referred to as "Group MRTs" and are subject to the UK regulatory remuneration rules - MHEU's remuneration policy takes this into account accordingly for its employees.

The MHI Group has adopted a remuneration policy that takes into account the remuneration part of the PRA framework and the FCA remuneration codes for double-regulated companies (which promote effective risk management but should retain the flexibility to change depending on external factors, including, but not limited to, future legislative or regulatory measures).

The compensation practices, policies and procedures of the MHI Group are consistent with the principles as defined by the PRA and FCA in the documents mentioned above. In addition, MHEU will consider and comply with the EBA Guidelines for Sound Compensation Policy, German Banking Act (KWG), the IVV and the Interpretative guidelines to the IVV, which are intended to promote sound and effective risk management.

When determining the size of the overall bonus pool, the cost of economic or regulatory capital, liquidity and the need to maintain and/or strengthen a sound capital base are taken into account. Individual awards are then allocated using the results of a Balanced Scorecard Appraisal. Material Risk Takers

12. Employee Concerns (Continued)

(MRTs) are subject to bonus deferral in accordance with the Remuneration Codes (i.e. deferral periods of three, five or seven years); a general deferral plan is in place for all other staff whose bonus award is above a threshold set out in the Remuneration Policy. Bonus awards are subject to malus adjustment (including forfeiture) and deferred bonuses will vest only to the extent determined by MHEU's sole discretion, having regard to matters set out in the Remuneration Policy. At least 50% of any variable remuneration awarded to MRTs will be allocated in the form of awards based on Mizuho Financial Group Inc. shares and is subject to a retention period of six or twelve months. The requirement is applied to both deferred and non-deferred awards. The Remuneration Codes require the Group to be contractually entitled to apply clawback to the variable remuneration of MRTs for seven years after the award has been made (this can be extended to ten years for Senior Managers in the event of an investigation).

The remuneration policy is designed to align employees' rewards with performance and aims to protect and promote the interests of shareholders by encouraging employees to deliver sustainable performance and create long-term value by implementing the Companies and the MHI Group's objectives. The compensation strategy also provides a market-driven compensation structure to attract and retain high-calibre employees.

Additionally, MHEU provides a company pension scheme, which is a defined contribution scheme. It is based and secured by a reinsurance company ("Rückdeckungsversicherung") and does not affect the company's accruals. Subject to meeting certain qualifying conditions, including employee's contribution into a portable and tax-efficient direct insurance, all staff joining MHEU in Frankfurt are eligible to benefit from the scheme – and therewith safeguarding an efficient way of saving for retirement.

12.2 Staff Development, Diversity, Inclusion & Training

MHEU employed at 31 March 2020, 26 full time employees (FTE) (previous year: 15 FTE). This represents an increase of 73% compared to 31 March 2019. For the reporting period: 8 FTEs transferred from MHI to MHEU, 6 were hired externally with 3 FTE left.

The Company is committed to equal opportunities for all. MHEU opposes all forms of discrimination including on the grounds of age, disability, gender (including gender reassignment), marriage and civil partnership, pregnancy and maternity, race, religion or belief and sexual orientation.

MHEU values and respects the differences between all people in its employment. By promoting and ensuring an inclusive environment MHEU can build on the collective and complementary skills, knowledge, background and networks of its people. Valuing inclusion and diversity is an integral part of our strategy for competing in the current and future marketplace and driving business performance and success.

MHEU promotes a high performance culture and learning organisation, building on individual and group skills and learning experiences; and is committed to creating a positive working environment which inspires trust and where diversity of thought is valued and encouraged to enable each employee to develop their specialist knowledge and professional experience. All employees are supported and encouraged to develop their full potential and the talents and resources of our workforce will be utilised to maximise the efficiency of the organisation.

The success and reputation of the Company is driven by the commitment, hard work and integrity of the Company's employees. As the most important asset, it is crucial for the Company to protect and develop its people through a collaborative working culture that supports personal growth and employee wellbeing.

MHEU supports by individual training needs, provides a variety of online training courses, conducts classroom courses as needed as well as offers development programmes run by Mizuho.

MHEU also participates in a varied suite of Diversity and Inclusion networks *at* MHI Group, to form a joint Inclusion Network. Together, the networks intend to generate greater impact and drive culture change across Mizuho. The new Inclusion Network currently includes the following streams: Cultural Diversity, Family, Gender, Multi-Faith, Pride and Future Leaders.

13. Sustainability

As a financial institution we recognise that we have an important role to play in supporting the global transition to a low-carbon economy following the Paris climate protection agreement through actively reviewing our own operations and supporting our clients and our communities in which we operate.

As far as our choice of office goes we have put emphasis on ensuring that our building TaunusTurm complies with the latest criteria of sustainability. TaunusTurm is one of the newest and most modern skyscrapers in Frankfurt, whose construction as a low-energy building was aimed at drastically reducing energy requirements and emissions ("Platinum" rated for resource-saving construction and management according to the US LEED standard).

In our offices we use energy saving electronic devices, strive for a paperless office and try to be as sustainable as possible when selecting office consumables which can preferably be refilled or sent back for recycling by the manufacturer.

As a company that has its focus in the area of sales of capital market products from the bond sector, the Company sees a major economic opportunity in the global quest for greater sustainability in the financial services sector. In order to meet this goal, a senior team member, one of the most experienced employees in the area of DCM, was recently promoted to the newly created position of Head of Sustainability EMEA at our parent company.

His focus is to bring the term "Green Finance" to life by placing an increasing focus on the area of Green Bonds, i.e. bonds to finance green investments, projects and assets. Wherever possible, special care is taken to accompany Green Bonds only if they meet ICMA's Green Bond Principles or the Climate Bonds Standard of the Climate Bonds Initiative. His appointment to spearhead this critical discipline reflects our commitment going forward in putting sustainability at the heart of everything we do.

14. Events since the Balance Sheet Date

Following lockdown on 11 March 2020 as a result of the COVID-19 pandemic, the first quarter of the new financial year represented a period where remote working practices were embedded on a much larger scale than ever before. The Company leveraged its strong infrastructure to remain fully operational by moving the vast majority of staff to remote working from home.

The Company reported a healthy liquidity and capital profile through the first quarter with regulatory ratios remaining in excess of minimum requirements.

Following the initial period of relative inactivity from GMK clients as their workforce adjusted to remote working, clients returned with two way flow, helped by the supportive measures introduced by some central banks and governments. Settlement has continued smoothly with relatively low trade fail levels. The stability provided by the major market clearing houses supported business continuity.

15. Going Concern

The Company’s Directors believe that there are no material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. The Company’s financial statements have been prepared on a going concern basis.

The Directors’ assessment of the Company’s ability to continue as a going concern is based upon an assessment of the Company’s business plans, together with related forecasts in respect of the Company’s capital adequacy and liquidity positions, and stresses to those forecast positions.

Frankfurt am Main, 30 June 2020

Christoph Seibel (CEO) Wolfgang Köhler (CRO) Peter Krafft (CFO)

Independent Auditor’s Report to the Members of Mizuho Securities Europe GmbH

Independent Auditor's Report

To Mizuho Securities Europe GmbH, Frankfurt am Main.

Note on the Audit of the Annual Financial Statements and the Management Report - Audit Opinions

We have audited the annual financial statements of Mizuho Securities Europe GmbH, Frankfurt am Main consisting of the balance sheet as of March 31, 2020 and the income statement for the fiscal year from April 1, 2019 to March 31, 2020 as well as the notes to the financial statements, including the presentation of the accounting policies. Furthermore, we have audited the management report of Mizuho Securities Europe GmbH, Frankfurt am Main, Frankfurt am Main for the fiscal year from 1 April 2019 to 31 March 2020. In accordance with German legal requirements, we have not audited the contents of the information contained in sections "2. Corporate Governance", "12. Employee Concerns" and "13. Sustainability" of the Management Report

In our opinion, based on the findings of our audit

- the attached annual financial statements comply in all material respects with German commercial law applicable to institutions and give a true and fair view of the net assets and financial position of the Company as at 31 March 2020 and of its results of operations for the financial year from 1 April 2019 to 31 March 2020 in accordance with German principles of proper accounting, and

- on the whole the attached management report provides a suitable understanding of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Our audit opinion on the management report does not extend to the content of the above-mentioned non-financial statement. Our audit opinion on the management report does not extend to the contents of the above-mentioned sections 2, 12 and 13 of the financial statements.

In accordance with § 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements and the management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these rules and principles is described in more detail in the section "Auditor's responsibility for the audit of the annual financial statements and the management report" in our audit opinion. We are independent of the Company in accordance with German commercial and professional law and have fulfilled our other German professional duties in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements and management report.

Other Information

The legal representatives are responsible for other information. The other information comprises sections 2, 12 and 13 of the management report.

Our audit opinion on the financial statements and the management report does not extend to the other information and, accordingly, we do not express an audit opinion or any other form of conclusion on them

Independent Auditor’s Report to the Members of Mizuho Securities Europe GmbH

In connection with our audit, we have a responsibility to read the other information and to evaluate whether the other information

- show material inconsistencies with the annual financial statements, management report or our knowledge gained during the audit, or

- appear to be substantially misrepresented elsewhere.

Responsibility of the Legal Representatives and the Management Board for the Financial Statements and the Management Report

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all material respects with the provisions of German commercial law applicable to institutions, and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls which they have determined, in accordance with German generally accepted accounting principles, to be necessary to enable the preparation of annual financial statements which are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing any matters relating to the Company's ability to continue as a going concern, where appropriate. Furthermore, they are responsible for preparing the financial statements in accordance with the going concern principle, except where this is precluded by matters of fact or law.

In addition, the legal representatives are responsible for preparing the management report, which as a whole provides a suitable view of the Company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal regulations and to provide sufficient suitable evidence for the statements made in the management report.

Auditor's Responsibility for the Audit of the Annual Financial Statements and the Management Report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, whether the management report as a whole provides a suitable understanding of the Company's position and suitably presents the opportunities and risks of future development in all material respects in accordance with the annual financial statements and the findings of our audit, as well as to issue an audit opinion which includes our audit opinions on the annual financial statements and the management report.

A reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect material misstatement. Misrepresentations may result from violations or inaccuracies and are considered material if it could reasonably be expected that they could individually or collectively influence the economic decisions of addressees made on the basis of these financial statements and management report.

During the audit, we exercise due discretion and maintain a critical basic attitude. Beyond that

- we identify and assess the risks of material misstatement of the financial statements and management report, whether due to fraud or error, plan and perform the audit procedures in response to such risks and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinion. The risk that material misstatements will not be detected is greater for violations than for misstatements because violations may involve fraudulent collusion, falsification, intentional omissions, misrepresentations, or the invalidation of internal controls;

- obtain an understanding of the internal control system relevant to the audit of the financial statements and the policies and procedures relevant to the audit of the 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 Company's internal control system;

- we evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of accounting estimates made by management;

- we conclude on the appropriateness of the accounting policies used by the Company's management and, based on our audit evidence, whether there is any material uncertainty related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are obliged to draw attention in our audit opinion to the related disclosures in the financial statements and management report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may result in the Company being unable to continue its business operations;

- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting;

- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the view of the company's situation conveyed by it;

- we perform audit procedures on the future-oriented statements in the management report presented by the legal representatives. On the basis of sufficient and appropriate audit evidence, we verify in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent audit opinion on the future-oriented statements and the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the audit the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Eschborn/Frankfurt am Main, 3. July 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Hultsch Wirtschaftsprüfer	Stapel Wirtschaftsprüfer

Balance Sheet

Balance sheet as at 31 March 2020
Mizuho Securities Europe GmbH

Assets		March 31, 2020	Mar 31, 2019
	Euro	Euro	Euro
1. Receivables from banks			
a) due on demand	8,221,645.72		38,275,372.25
b) other receivables	4,681,644.59	12,903,290.31	
2. Bonds and other fixed-income securities			
a)) Bonds and notes			
aa) of public-sector issuers		36,013,109.90	0.00
Thereof: eligible for refinancing with Deutsche Bundesbank 36,013,109.90 Euro (previous year: 0 Euro)			
3. Trading assets		17,464,774.89	0.00
4. Intangible assets		0.00	6,948.56
5. Tangible assets		1,305,328.04	1,325,283.40
6. Other assets		5,733,383.22	74,791.82
7. Prepaid expenses		65,053.64	44,049.28
Total assets		73,484,940.00	39,726,445.31

Liabilities		March 31, 2020	Mar 31, 2019
	Euro	Euro	Euro
1. Liabilities to banks			
a) with agreed maturity date or notice period		26,531,130.31	0.00
2. Trading liabilities		0.41	0.00
3. Other liabilities		1,383,226.03	2,064,403.04
4. Provisions			
a) Tax provisions	645,086.29		0.00
b) Other provisions	3,692,996.81	4,338,083.10	196,701.82
5. Equity			
a) Subscribed Capital	35,000,000.00		35,000,000.00
b) Capital reserve	5,000,000.00		5,000,000.00
c) Retained earnings	1,232,500.15	41,232,500.15	-2,534,659.55
Total liabilities		73,484,940.00	39,726,445.31

Profit and Loss Statement

Profit and loss statement
Mizuho Securities Europe GmbH
for the period 01 April 2019 - 31. March 2020

Expenses			**March 31, 2020**	**Mar 31, 2019**
	Euro	Euro	Euro	Euro
1. Interest expenses			165,108.14	0.00
2. Commission expenses			12,428,803.25	0.00
3. General administrative expenses				
a) Staff expenses		7,531,126.14		584,851.00
aa) Wages and Salaries	6,647,243.79			542,021.12
ab) Compulsory social security contributions and expenses for pensions and other employee benefits thereof: for retirement plans 338,765.70 Euro (previous year: 0 Euro)	883,882.35			42,829.88
b) other administrative expenses		9,835,894.16	17,367,020.30	1,859,595.08
4. Depreciation, amortization and write-downs of and value adjustments to intangible assets			250,773.14	37,944.74
5. Other expenses			23,425.05	52,268.73
6. Write-downs of and value adjustments to claims and certain securities as well as additions to provisions for loan lossest			213,023.47	0.00
7. Income taxes			645,086.29	0.00
8. Net income			3,767,159.70	0.00
Total expenses			31,093,239.64	2,534,659.55
1. Net income			3,767,159.70	
2. Loss from previous year			2,534,659.55	
3. Retained earnings			1,232,500.15	

Revenues		**March 31, 2020**	**Mar 31, 2019**
	Euro	Euro	
1. Interest income from lending and money market transactions		65,324.11	0.00
2. Commission income		23,019,082.96	0.00
3. Net trading result		5.80	0.00
4. Other income		11,775,986.47	0.00
5. Net loss		0.00	2,534,659.55
Total revenues		34,860,399.34	0.00

Notes to the Financial Statements

1. BASIS OF PREPARATION

Mizuho Securities Europe GmbH is a limited liability company registered in the commercial register of the local court of Frankfurt am Main under register number 112041.

The registered office of the Company is Taunustor 1, 60310 Frankfurt am Main.

The annual financial statements of the company were prepared in accordance with the principles of the German Commercial Code (HGB) and the German Ordinance on Accounting for Banks and Financial Services Institutions (RechKredV).

Last annual financial statement for the short fiscal year 16 May 2018 to 31 March 2019 was prepared in accordance with the provisions for small corporations as set out in the German Commercial Code (HGB). A direct comparison with the previous year is therefore not possible.

1.1 Accounting and Valuation Methods

Cash Reserve, Cash on hand, Bundesbank balances, bank balances and cheques are carried at nominal value.

Loans and deposits to credit institutions are measured at amortised cost less impairment losses.

Securities in the liquidity reserve are treated as current assets. The strict lower of cost or market principle in accordance with § 253 (3) HGB applies: In the event of temporary impairment, there is a devaluation obligation.

In general, for purchases and sales, settlement date accounting is applied for the purposes of recognising and de-recognising financial instruments.

All financial instruments classified as held for trading, including derivatives, loans, debt instruments and Equity securities are recognised at fair value less the risk discount in accordance with section 340e (3) of the HGB scheduled. The Company determines the classification of its financial assets to the trading portfolio upon initial recognition based on the purpose for which the financial instruments were acquired and their characteristics.

The initial recognition of trading assets is at acquisition costs. The subsequent measurement is be at fair value. This is usually done by Mark-to-Market with prices quoted in an active market. If no active market is available, fair value is based on commonly accepted valuation models - known as mark-to Model. If no active market and no valuation model is available, fair value is equal to amortised costs.

A risk discount has to recognized as an expense according to HGB (§ 340c). Value at risk (VaR) is one possibility to measure risk discount. In order to reflect any remaining realization risk for unrealized gains, the result of the fair value measurement is reduced by a risk adjustment, which is deducted from trading assets. The risk adjustment is based on value-at-risk which is calculated using a holding period of ten days and a confidence level of 99 % with a minimum observation period of one year.

The Special Item Reserve for the general banking risk HGB (§ 340e), which equals at least 10% of the net earnings of the trading book until the trading-related special reserve corresponds to 50 % of the five-year average of net trading revenues after risk adjustment. This reserve may only be consumed to either release an amount exceeding the 50 % limit or to cover net trading losses.

Tangible and intangible assets are reported at their acquisition or manufacturing cost less any depreciation or amortization. Depreciation is carried out in accordance with the principles of the HGB over the useful life of the asset.

Other assets are carried at nominal value.

Liabilities to banks are shown at the settlement amount including interest accrued up to the balance sheet date.

Notes to the Financial Statements (Continued)

1. BASIS OF PREPARATION (Continued)

Other liabilities are shown at their settlement amount and - if they are interest-bearing - including interest accrued up to the balance sheet date.

Provisions for uncertain liabilities are measured at the necessary settlement amount in accordance with sound business judgment. Provisions with a term of more than one year were discounted in accordance with section 253 (2) of the HGB using the average interest rates of the last seven years published by the Deutsche Bundesbank.

Provisions are only recognised if the following criteria are met:

- There is an obligation to third parties which must be anticipated (an external obligation).
- There is a probable claim and
- The economic causation lies in the year under review.

Equity is reported at nominal value.

The income statement is prepared using the total cost method.

2. FUNCTIONAL CURRENCY

The financial statements are presented in euros, which is the Company's functional currency, and financial information is presented in thousands of euros (TEUR) - rounded to the nearest 1,000 euros unless otherwise stated.

3. CURRENCY TRANSLATION

Currency translation is carried out in accordance with the principles of Sections 256a and 340h HGB.

Assets denominated in foreign currencies and treated as fixed assets but not separately hedged in the same currency are carried at historical cost unless the change in the foreign exchange rate is not temporary and the assets must be depreciated. Other assets and liabilities denominated in foreign currencies and outstanding spot transactions are translated at the spot rate on the balance sheet date and forward exchange transactions at the forward rate on the balance sheet date.

The definition of foreign currency positions, for which the Bank applies the special hedging method pursuant to § 340h HGB, reflects internal risk management procedures.

The recognition of foreign exchange gains and losses depends on which foreign currency positions they relate to.

Assets and liabilities denominated in foreign currency:

	2020	2019
	TEUR	TEUR
Assets	**2,614**	-
Liabilities	**2,568**	-

Notes to the Financial Statements (Continued)

4. MATURITY STRUCTURE

	2020 TEUR	2019 TEUR
Loans and advances to banks with a remaining term of		
payable on demand	**8,222**	38,275
up to 3 months	**3,183**	-
more than 3 months up to 1 year	**1,499**	-

The balance of receivables of TEUR 8,222 consists of bank balances.

	2020 TEUR	2019 TEUR
Liabilities to credit institutions with a remaining term of		
payable on demand	**-**	-
up to 3 months	**25,259**	-
more than 3 months up to 1 year	**1,272**	-

The Company has no outstanding receivables from and payables to customers as of 31 March 2020.

5. RELATIONSHIP WITH OTHER COMPANIES OF MIZUHO GROUP

	2020 TEUR	2019 TEUR
Loans and deposits with credit institutions	**181**	-
Loans and advance payments to customers	**-**	-
Liabilities to credit institutions	**25,089**	-
Liabilities to customers	**-**	-

Loans and deposits with credit institutions of TEUR 181 are with Mizuho Bank Ltd., Tokyo.

Liabilities to banks include TEUR 25,089 within the Mizuho Group/parent Company in London.

6. DEBT SECURITIES AND OTHER FIXED-INTEREST BEARING SECURITIES FROM PUBLIC ISSUERS

The item bonds and other fixed-interest securities from public-sector issuers includes federal bonds in the amount of TEUR 36,013. The maturity is under 1 month for TEUR 22,005 and 1-3 months for TEUR 14,008. The full TEUR 36,013 is accounted for by listed securities.

7. TRADING PORTFOLIO

The TEUR 17,465 in the trading assets represent TEUR 17,036 fixed-interest securities and TEUR 429 non-fixed-interest securities. These securities are included in our trading book as at the balance sheet date.

	2020 TEUR	2019 TEUR
Maturity of the securities within the trading portfolio		
less than one year	**1,684**	-
more than one year up to five years	**7,986**	-
more than five years	**7,794**	-

8. FIXED ASSET REGISTER

	Short leasehold property TEUR	Fixtures, equipment, integrated software and vehicles TEUR	Total TEUR
Cost			
As at 1st April 2019	667	689	1,356
Additions	224	13	238
Disposals	-	-	-
Transfers	-	-	-
At 31 March 2020	**891**	**702**	**1,593**
Accumulated depreciation and amortisation			
As at 1st April 2019	23	8	31
Scheduled depreciation	124	133	257
Extraordinary depreciation	-	-	-
Additions	-	-	-
Abgänge	-	-	-
Disposals	-	-	-
At 31 March 2020	**147**	**141**	**288**
Remaining book value			
At 31 March 2020	**744**	**561**	**1,305**

9. OTHER ASSETS

Other assets to the value of TEUR 5,733 (previous year: TEUR 75) are essentially composed by receivables resulting from transfer pricing agreements of the Global Markets business TEUR 5,382.

Notes to the Financial Statements (Continued)

10. OTHER LIABILITIES

Other liabilities of TEUR 1,383 (previous year: TEUR 2,064) mainly comprise from Services with the parent company TEUR 1,086, from Human Resources related payables TEUR 274 and from liabilities resulting from value-added taxes of TEUR 104.

11. PROVISIONS

Provisions in the year under review amount to TEUR 4,338 (prior year:TEUR 197) and are composed out of Bonus Provision TEUR 2,428, Tax TEUR 645 and other services TEUR 1,265.

12. EQUITY

Mizuho Securities Europe GmbH's total equity as of 31 March 2020 is TEUR 41,233 and comprises subscribed capital of TEUR 35,000 (previous year: TEUR 35,000), the capital reserve amounts to TEUR 5,000 (previous year: TEUR 5,000) and retained earnings of TEUR 1,233 which is the sum of the 31 March 2020 net income of TEUR 3,767 and previous year's net loss of TEUR (2,535).

13. NET INTEREST INCOME

The interest result is made up of interest income of TEUR 65 and interest expenses of TEUR 165.

14. NET COMMISSION INCOME

Net commission income TEUR 10,590 (commission income of TEUR 23,019, commission expenses of TEUR 12,429) is essentially composed of income and expenses from the Global Investment Banking (GIB) business.

15. OTHER OPERATING INCOME

The other operating income as of 31 March 2020 amounts to TEUR 11,776. The amount mainly consists of income of TEUR 10,147 from the intra-group transfer pricing agreement with the parent company Mizuho International plc in the Global Markets Division (GMK).

16. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses mainly include personnel expenses and other administrative expenses. Personnel expenses consist mainly of wages and salaries of TEUR 6,647 (previous year: TEUR 542) and social security expenses and expenses for pensions of TEUR 884 (previous year: TEUR 43) for the headquarter in Frankfurt and the branch in Madrid.

Other administrative expenses of TEUR 9,836 (previous year: TEUR 1,860) mainly consist of rent of TEUR 525, costs for the services mainly with Mizuho International plc in the UK of TEUR 6,656, other fees of TEUR 2,130 and costs for market data services of TEUR 525.

17. DEPRECIATION, AMORTIZATION AND WRITE-DOWNS OF AND VALUE ADJUSTMENTS TO INTANGIBLE ASSETS AND FIXED ASSETS

The depreciation for the current year relates to depreciation on fixed assets of TEUR 251 (previous year: TEUR 37).

18. OTHER OPERATING EXPENSE

Other operating expenses amounted to TEUR 23 EUR in the reporting period (previous year: TEUR 52) and is recognition of FX gains/losses.

19. WRITE DOWNS OF AND VALUE ADJUSTMENTS TO CLAIMS AND CERTAIN SECURITIES

This item includes TEUR 213 from write-downs on bonds in the Liquidity Asset Buffer (Liquiditätsreserve) portfolio.

20. INCOME TAXES

The income tax of the current year is TEUR 645 (previous year TEUR 0). The amount breaks down into Corporate Income Tax of TEUR 310, Solidarity Surcharge of TEUR 15 and Trade Tax of TEUR 320.

21. AUDITOR'S FEE

The auditor's fee as at 31 March 2020 is made up as follows in accordance with Section 285 No. 17 HGB:

	2020
	TEUR
a) Annual audit services	**170**
b) other certification services	**58**
Total	**228**

22. APPROPRIATION OF RESULTS

A revenue reserve of TEUR 1,233 was proposed for the year (previous year: EUR 0).

No interim dividend was paid out (previous year: EUR 0), and the management does not recommend payment of a final dividend (previous year: EUR 0).

23. EMPLOYEES

The number of employees as of 31 March 2020 is as follows:

	2020	2019
	Number	Number
Management	**3**	3
Others	**23**	12
	26	15

Notes to the Financial Statements (Continued)

The average number of employees during the financial year is as follows

	2020 Average	2019 Average
Management	**3**	1
Others	**22**	2
	25	3

24. MANAGEMENT

As at 31 March 2020 the Board consisted of three Managing Directors (Geschäftsführer) which have full responsibility for control and oversight of the Company's activities:

- Mr. Christoph Seibel (Chief Executive Officer)
- Mr. Wolfgang Köhler (Chief Risk Officer), and
- Mr. Peter Krafft (Chief Financial Officer).

None of the above-mentioned members of management has a mandate on a supervisory board or other supervisory body. The remuneration paid to the members of the Management Board in the course of the year amounted to TEUR 2,077.

25. GROUP RELATIONSHIPS

Mizuho Securities Europe GmbH is a wholly owned subsidiary of Mizuho International plc, which is directly owned by Mizuho Securities Co Ltd., a company based in Japan. The Company's parent company is Mizuho Financial Group, Inc. with its registered office in Japan.The parent company Mizuho International plc prepares the consolidated financial statements for the smallest group of companies.

Copies of the consolidated financial statements of Mizuho International plc can be obtained from:

Mizuho International plc
Mizuho House,
30 Old Bailey
London, EC4M 7AU
United Kingdom
https://www.mizuho-emea.com/who-we-are/governance/financial-reports

Copies of the consolidated financial statements of Mizuho Financial Group, Inc., the largest group of companies, can be obtained from:

Corporate Communications
Public Relations Office
Mizuho Financial Group, Inc.
Otemachi Tower
1-5-5 Otemachi, Chiyoda–ku, Tokyo
100–8176, JAPAN
http://www.mizuho-fg.com/investors/financial/fin_statements/index.html

26. IMPACT OF COVID-19

Since 11 March 2020, the WHO has classified the spread of coronavirus as a pandemic. With regard to the possible effects on MHEU's net assets, financial position and results of operations, reference is made to the comments in the Management Report in Business Performance – Impact of COVID-19.

Notes to the Financial Statements (Continued)

27. SUPPLEMENTARY REPORT

No significant events have occurred since the end of the financial year that have an impact on the development of earnings, the company's earnings, financial and asset position.

Frankfurt am Main, 30 June 2020

Christoph Seibel (CEO)	Wolfgang Köhler (CRO)	Peter Krafft (CFO)

Approval of the Financial Statements as of 31.03.2020

The annual financial statements as of March 31, 2020 were prepared by the management, audited by Ernst und Young GmbH Wirtschaftsprüfungsgesellschaft and were given an unqualified audit certificate, were approved on July 16, 2020.

MIZUHO