MIZUHO

Mizuho Securities Europe GmbH

Annual Report 2022/2023

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

Table of Content

Management Report

The management of Mizuho Securities Europe GmbH (the "Company" or "MHEU") presents its management report and the financial statements for the financial year ending 31 March 2023. The company has its registered office at Taunustor 1, 60310 Frankfurt am Main, Germany.

1. Legal Structure and Business Activities

The Company is a subsidiary of Mizuho International plc ("MHI")[1], London/United Kingdom, and was established in June 2018 in Frankfurt am Main/Germany with the objective of ensuring the smooth and uninterrupted continuation of services to MHI's clients in the European Union ("EU") and the European Economic Area ("EEA") after the exit of the United Kingdom from the EU. The Company obtained a licence from the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") in December 2018 covering a range of financial and banking services in Germany.

Since March 2019, the Company has also been permitted to serve clients domiciled in other countries of the EU on a cross-border basis (''EU passporting"). Shortly after commencing client business operations in April 2019, the Company established branches in Madrid/Spain (July 2019) and Paris/France (January 2020) to promote business in the Iberian and Italian markets and the French, Belgian and Luxembourg markets respectively.

The Company and its parent company MHI are part of Mizuho Financial Group Inc. ("Mizuho Financial Group" or "MHFG"), one of the world's largest full-service financial conglomerates. With offices in over 100 locations outside of Japan, Mizuho Financial Group employs approximately 52,000 employees worldwide and offers 150 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 EU/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 and financial institution clients of Mizuho Bank. GIB also engages in the underwriting of international equity offerings and convertible bonds for EU/EEA corporations, and provides select M&A services.

- GMK specialises in sales and trading of debt securities and cleared derivatives for EU/EEA institutional investor clients, as well as 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 (Unaudited)

As the Company is not public, there is no requirement to comply with the German Corporate Governance Code. However, the Company's Board (the "Board") considers that corporate governance is of critical importance and, hence, as at the date of this report, the Company has adopted a number of procedures comparable to those set forth in the German Corporate Governance Code as set out below:

- As at 31 March 2023 the Board consisted of three Managing Directors ("Geschäftsführer") which had full responsibility for control and oversight of the Company's activities:
  - Mr. Christoph Seibel (Chief Executive Officer, "CEO")
  - Mr. Wolfgang Köhler (Chief Risk Officer, "CRO"), and
  - Mr. Peter Krafft (Chief Financial Officer, "CFO").

- The Board holds meetings on a regular basis; ad hoc meetings are scheduled when business needs require.

- The Company's Board is independent and fully accountable for its decisions. The Company's activities are directly supervised by its shareholder MHI, with regular reporting arrangements in place to the Executive Directors of MHI and certain MHI committees, and reports regularly to MHEU.

[1] MHEU and MHI together are referenced as MHI Group throughout this document.

Management Report (Continued)

2. Corporate Governance (Continued)

- In order to facilitate the effective conduct of business across the Company, the Board delegates certain matters primarily to four committees: an Underwriting & Reputational Risk Committee, a Risk Management Committee, a New Product Committee, and a Front Office Supervision Committee. Whilst the Board ultimately remains accountable for all delegated matters, the committees are tasked with controlling the Company's business operations:

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

    - The **Risk Management Committee** (RMC) is chaired by the CRO and attended by the CEO, CFO, the Heads of Legal, HR, Compliance and Risk, the Chief Information Security Officer, the Outsourcing Officer, 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 overall 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 the review and assessment of new product and new business proposals, including an analysis of any material risks associated with such proposals. The New Product Committee issues recommendations to the Executive Board in relation to the approval of 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 MHEU's Front Office Business Manager. It is responsible for supporting the Front Office Business Head in relation to the general oversight over the client facing departments, including the company-wide review of conduct and behavioural matters.

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

3. Business Performance

3.1 Economic Situation and Business Environment

The economic and business environment during the financial year ending on 31 March 2023 was dominated by continued geopolitical uncertainties, significantly elevated energy costs throughout much of the financial year, high inflation for the first time in decades and central banks changing their policies and repeatedly hiking interest rates throughout the financial year.

The war between Russia and the Ukraine entered its second year in February 2023 and remained centre stage for the entire financial year, which continued to have a material impact on markets, the business environment, and the economic climate. The war and related sanctions against Russia led to pressure on Europe's energy supplies and created significant price volatility in energy and certain commodities.

Other geopolitical tensions, for example between the USA and China, continuing supply chain bottlenecks, in particular during the first part of our financial year, and continued COVID-19 related limitations (in particular in China) all characterised a more challenging year with weakened economic and much lower capital markets activities, both in the debt and equity markets.

3. Business Performance (Continued)

Given this economic and geopolitical backdrop, the global and EU economies slowed compared to the previous financial year, experiencing only modest growth of 0.8% across the Eurozone and 2.6% across the G20 economies (Q2 2022 – Q1 2023).

Furthermore, inflation continued to increase for the first half of our financial year, peaking in the Euro area in October 2022 at 10.6% and remaining at very elevated levels for the rest of the financial year, finishing the year with a rate of 6.9% in March 2023. The US experienced similarly high inflation levels ranging from a peak of 9.1% core CPI inflation to 5% by the end of March 2023, while UK CPI peaked at 11.1% in October 2022 and remained stubbornly high at 10.1% in March 2023.

To combat this high inflation, central banks changed their accommodating stance of previous years to a tightening stance, reducing or eliminating bond purchasing programs and beginning to raise interest rates. At the beginning of our fiscal year, the ECB's main deposit interest rate was at -0.5%, while at the end of March 2023 this had climbed to 3%. The increase in the US was even more pronounced with the Fed Funds Rate increasing from 0.25-0.5% in April 2022 to 4.75%-5% by the end of March 2023.

A more positive development during the year was that the COVID-19 pandemic became much less of a driver on the business during the year, with limited to no restrictions for most of our financial year in Europe.

The business development of the company in this financial year was characterized by these external challenges, with reduced debt issuance and lower secondary trading volumes affecting our business throughout the year. Partially offsetting this was the continued closer corporate cooperation with Mizuho Bank, which led to some positive revenue developments during the year.

3.2 Group Strategy and Deeper Cooperation with Mizuho Bank

The Group's strategy focuses on bringing together the banking and markets franchises in EMEA, and specialising in Mizuho's areas of competitive advantage, which include strong balance sheet, access to leading EMEA blue chip corporates and dominance in Japan and the rest of Asia. Leveraging these advantages and positioning itself as a debt and financing powerhouse in EMEA, the Group aims to deliver a seamless offering in the region for clients' funding, capital markets, investment, transition advisory and hedging needs. MHEU, as the securities business across the EU, is playing a key part in supporting and executing the Group's Corporate and Investment Banking Strategy ("CIB"), working and collaborating closer than ever before with our Mizuho Bank Colleagues across the EU to pursue initiatives to support and govern this unified client offering across the region.

4. Situation of the Company

The MHI Group (MHI and MHEU) has a key role within Mizuho Financial Group in the intermediation of capital flows between Japan and international markets in EMEA. The Group's strategy focuses on achieving a step-by-step improvement in the quality of revenues through ongoing deeper collaboration amongst Mizuho entities, expanded value added offerings and further product diversification.

Building an inclusive and ethically resilient culture which creates opportunities for growth for our people underpins this strategy. The leadership team intends to build a sustainable, client focused business model, based on leveraging Mizuho's global relationships, people and assets.

Management Report (Continued)

4. Situation of the Company (Continued)

MHEU has set out the KPIs below to effectively assess its main business performance:

	2023 **TEUR**	2022 TEUR
Net income from operations	**22,025**	27,753
Administrative expenses & depreciation	**-26,948**	-23,605
Thereof: personnel expenses	**-11,375**	-10,197
Profit on ordinary activities before taxation	**-4,923**	4,148
Tax on profit on ordinary activities	**607**	-1,326
Profit for the year after tax	**-4,316**	2,822
Total liabilities	**293,332**	759,907
Total equity	**43,545**	47,861

	2023 **TEUR**	2022 TEUR
Tier One Capital	**42,770**	44,952
Own Funds Requirements	**5,260**	4,713

4.1 Profit and Loss Accounts

The financial year was characterised by a highly volatile market environment. Actions by central banks to increase interest rates to tackle inflation, as well as the continuing fallout from the Russian invasion of Ukraine, created a difficult trading environment resulting in a significant drop in revenues.

Whilst the impact of these factors affected the GIB division throughout the financial year due to reduced issuance activity, the last three quarters saw a slight turnaround for the European Government Bond ("EGB") trading business supported by the use of hedging products to minimise the impact of volatility. However, for the full financial year both divisions underperformed and contributed to MHEU making a loss.

The loss for this financial year after tax of TEUR -4,316 (previous year profit of TEUR 2,822) is summarized in the table above. Net income from operations is mainly driven by commission income generated by GIB transfer pricing revenues by GMK that mainly come from our parent MHI and trading losses in our EGB business. Within the GIB division, the business underperformed versus expectations and versus the prior year, as issuers sought alternative funding sources during an unprecedented period of interest rate rises and uncertainty.

The general administrative expenses and depreciations of TEUR 26,948 (previous year: TEUR 23,605) comprise personnel expenses and material costs incurred by the company including its branches in Madrid as well as in Paris. The increase in expenses is mainly driven by higher costs for the outsourcing agreement with the parent company MHI and increased staff costs.

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

4.2 Balance Sheet

As of 31 March 2023 the company had total assets of TEUR 336,877 (previous year: TEUR 807,768). The drop in assets is mainly driven by lower client activity in EGB this year-end compared to last's.

Management Report (Continued)

4. Situation of the Company (Continued)

Assets and liabilities denominated in foreign currency are shown in the notes. The company's total equity decreased by the loss for the year from EUR 47,861 to TEUR 43,545 as of 31 March 2023 and consists of share capital, capital reserves and retained earnings.

4.3 Regulatory Ratios

As of 31 March 2023, the Company had total regulatory capital of TEUR 42,770. The decrease in total regulatory capital is exclusively due to the loss of the current year. The Own Funds Requirements of the Company of TEUR 5,260 are driven by the Fixed Overhead Requirements and are calculated as per the Prudential Requirements for Investment Firms ("IFR").

Consequently, the solvency and adequacy of MHEU's own funds were ensured at all times during this financial year. This means that key regulatory ratios are well above the legal and internal minimum requirements. The capitalisation is to be assessed as solid. The Company was solvent at all times during the financial year. No significant financial risks are discernible in the balance sheet structure and the financial situation is sound.

4.4 Other Key Performance Indicators ("KPIs")

The Company has set out the KPIs below to effectively assess the performance of its main businesses:

	2023	2022
	TEUR	TEUR
Business Performance KPIs		
Profit/Loss (-) from GIB before tax	**-2,422**	3,846
Profit/Loss (-) from GMK before tax	**-1,922**	1,375

5. Forecast and Opportunities Report

5.1 Principal Risks and Uncertainties

As an international investment banking and securities markets business within the group of companies headed by Mizuho Financial Group, MHEU is affected by a range of risk factors and uncertainties. A number of risks have been identified which require closer senior management attention and could cause disruption to delivery of the Company's strategy, and/or material deviation of financial results/financial condition from the Company's business plan. Given they are typically emerging risks which have more uncertain components we call them 'uncertainties'. The Company's risk management framework comprises risk identification, quantification, control and risk monitoring and reporting processes designed to achieve effective management in line with its risk appetite statement through a top-down delegation of authority.

More details about the principal risks and uncertainties can be found in the 'Risk Review' section.

Impact of Inflationary Environment and Rising Interest Rates

With inflation at its high level in decades, deterioration of the economic outlook in many regions and persistent geopolitical risks, central banks consistently hiked interest rates during financial year 2022/2023. The impact of this has been volatile asset prices, reduced market liquidity and reduced deal flow. The persistently challenging market conditions have driven issuers to seek alternative funding sources, which has negatively affected MHEU's GIB division.

Inflation concerns, monetary policies and geopolitical developments will continue to remain a central focus for MHEU and its clients. The Company expects global interest rates to stabilise, inflation to start declining and clients to adapt to the mid-term funding environment. As well as providing a less volatile environment for the markets business, within GMK, this is expected to stimulate more primary deal flow.

Management Report (Continued)

5. Forecast and Opportunities Report (Continued)

Continuing Geopolitical Instability

The discordant relationships between many countries, such as China-Taiwan, China-United States and Russia-Ukraine have intensified in recent years, risking further financial fragmentation globally. Geopolitical tensions affect cross-border investment, asset prices and in turn increase funding costs. Higher financing costs lead to lower lending to the private sector and further risks to financial stability and economic growth.

MHEU will continue to monitor the geopolitical risks closely which are expected to remain, as well as the related repercussions on clients and markets. Managing downside risks will remain a priority through the utilisation of hedging products, where necessary.

Climate and Sustainability

Identifying and managing financial risks associated with climate change continues to be important for the Company. As the world transitions to a low carbon economy, financial institutions including MHEU face significant developments in stakeholder expectations and regulation, which could have a material impact on their business activities. With appropriate Board oversight and the embedding of climate risk into the Company's risk appetite, risk identification, risk measurement, stress testing and employee training management processes framework, MHEU continues to make headway in managing climate risk as part of its sustainability journey.

5.2 Forecast

The market backdrop is likely to remain volatile amid financial sector turmoil, high inflation and ongoing geopolitical issues. The ongoing pace of regulatory developments also continues, including new operational resilience requirements, DORA, Fundamental Review of the Trading Book and other Capital Requirements, Regulation / Investment Firm Regulation reforms, climate change regulation and the EU banking package which may change cross-border rules, in particular resulting from the adoption of the latest draft RTS (Draft Regulatory Technical Standards) 2021/17, may in future require the Company to apply for a licence to operate as a credit institution. This could not only have an impact on the Company's regulatory framework, but could also negatively affect the Company's economic situation due to higher costs that were not anticipated in the 2023/24 business plan.

MHEU will continue to monitor this backdrop closely and manage risk as a priority. The strategic focus will continue to be the development of the CIB model. This model will break down silos between the organisations and business lines in the region to ensure a seamless client offering. Significantly, it will align the Markets division with the Investment Banking division in order to specialise Mizuho Financial Group's areas of competitive advantage. The CIB model will be underpinned by shared goals, governance and incentives across the region and will deliver a more sustained and stable performance as the revenue mix steadily improves.

A focus on ESG (Environmental, Social and Governance) will continue in relation to the Group's client offering, the operational footprint and the Group's engagement with employees and other stakeholders. ESG will be further embedded into the Group's strategy through the recent appointments across key areas of risk, strategy and client delivery. These roles will work together to ensure connectivity among the various sustainability functions locally and globally, driving sustainable finance solutions for our key clients. There will also be a focus on capturing hydrogen and renewable sustainable finance-related business.

MHEU expects for the next financial year ending 31 March 2024 a significant increase in net revenues resulting from both business lines, GIB as well as GMK, due to more favourable market conditions. MHEU also expects a slight increase in costs primarily in personnel expenses driven by inflation. Therefore, MHEU expects to be slightly profitable again in the next financial year.

In the last financial year 2021/2022, the Company assumed a high positive income for this financial year. However, income in the GIB business fell far short of expectations as issuers sought alternative sources of funding during an unprecedented period of interest rate increases and uncertainty. This resulted in a loss for the financial year of TEUR -4,316 after tax.

Management Report (Continued)

5. Forecast and Opportunities Report (Continued)

The Company has a strong governance, risk and control framework with a key focus on culture and conduct risk. MHEU will maintain prudent levels of capital and liquidity, with a moderate risk appetite and risk profile that is dynamically managed and will also continue to be included in resolution planning with the wider Mizuho Financial Group. Operational resilience remains a high priority and MHEU has delivered an operational resilience framework, policy and supporting strategy which has been approved at Board level.

Working together under the CIB model in EMEA, MHEU will build a sustainable, client focused business model, whilst seeking an inclusive and ethically resilient culture which creates opportunities for growth.

6. Risk Review

A comparison of policies and procedures as well as scope of activities and resources with the previous financial year as well as favourable audit reviews demonstrate further embedding of the comprehensive Risk Management Framework. The most notable developments included the scale-up of the EGB trading activity and with it taking on market risk positions, which had been predated by an extension of corresponding and adequate market, credit and liquidity risk management capabilities.

6.1 Risk Management Framework

The Company maintains a prudent approach to risk to ensure that it can operate safely and to support a sustainable business development in keeping with the Board's strategy. The Board and the CRO are setting the tone from the top and foster a culture which is supportive of strong risk management, in line with clear principles and tolerances for risk as defined in the risk appetite statements. The Company has a strong and independent Risk Management function responsible for the identification of risks, the maintenance and development of an appropriate risk and control framework, and for keeping the Board informed about any changes to the Company's risk profile.

Risk Culture

The Company believes that a strong risk management culture is essential to achieve its business objectives. With ultimate accountability for risk governance in the Company, the Board embeds a strong risk management culture through its CRO and 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.

Risk Principles

The 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:

- Define the types and level of risks the Company is willing and able to accept in pursuit of its strategic objectives as expressed in its business plans
- Ensure that effective control of balance sheet usage and concentration risk is exercised, without tolerating breaches of the limit framework
- Maintain a predictable, moderate risk profile in line with the established risk appetite
- Preserve strong capital and liquidity ratios to support compliance with all regulatory requirements
- Maintain a robust funding strategy with regard to both the sources and tenor of funding
- Ensure that remuneration arrangements are aligned to risk appetite

Management Report (Continued)

6. Risk Review (Continued)

Risk Governance

In keeping with the governance approach of MHI Group, responsibilities for risk management are assigned to multiple functions within the organisation using a three Lines of Defence (“3 LoD”) model for managing financial and other operational risks, which evolves with its business activities in response to developments in markets and products.

- **The first line (“1st LoD”)** 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 (“2nd LoD”)** is provided by Risk Management and Compliance who are responsible for conducting independent challenge, oversight, escalation and reporting of risk and validating the management of risks by the first line of defence. The 2 LoD also supports the board in setting the risk appetite, risk policies and limit framework in which the Company operates

- **The third line (“3rd LoD”)** of defence is provided by the Internal Audit function that is independent of both the first and second line of defence. The role of the third line is to check and verify the effectiveness of the first and second lines of defence and to escalate to the 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 Board or the CRO, which are cascaded down to more granular and specific limits owned by delegated risk management authorities.

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

MHEU has a **Risk Management Committee**, chaired by the CRO, which advises the Board on risk methodologies, policies and limits for market, credit, liquidity and tolerance for 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 anafinan

All components of the risk management framework are regularly reviewed by **Internal Audit** which applies 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 an audit firm to ensure on the one hand full independence and on the other hand scalability of the audit work if needed.

The risk management function was expanded to ensure adequate oversight of trading activities in EGBs since the first quarter of 2022, which formed part of the Day 2 plan, entailing market risk-taking in MHEU's GMK business. The current organisational structure of the Risk Management Department is considered sufficient to deal with the current challenges, including the ongoing geopolitical situation with its demonstrated impact on the economic environment.

Risk Management Function and Approach

MHEU has a robust and independent risk management function led by the CRO. The CRO is a member of MHEU's Board and reports directly to the CEO. Additionally, independent oversight is provided by the shareholder which remains fully informed of all MHEU risk management matters through regular reporting to the MHI Risk Management Committee as well as to the MHI Board Risk Committee.

Management Report (Continued)

6. Risk Review (Continued)

The Risk Management function is mandated to oversee all classes of risk to which MHEU is exposed, other than conduct risk which is overseen by the entity's Compliance function. Risk Management is structured to facilitate oversight of these principal risks and has direct responsibility for market, credit, liquidity, regulatory governance and operational risk. Across the MHI Group a common approach to risk oversight is adopted for each principal risk, in accordance with a comprehensive framework of risk policies established for those risks. Recognising the increased importance of cyber security and data protection, Risk Management at MHEU also comprises Information Risk Management and Data Protection. Given the significant level of outsourcing, the Business Continuity Management and Outsourcing Officer functions also report into Risk Management.

The areas within Risk Management either have MHEU Risk Officers as representatives or respective Risk Management services, primarily focused on the collation and publication of reporting and management information, and which 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 Company is exposed. 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.

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

Risk Appetite

MHEU’s risk appetite describes the levels and types of risk that the Group is prepared to accept in pursuit of its business strategy. The risk appetite statement approved by the Board is to maintain ‘moderate’ levels of risk. This risk appetite is prudently quantified with reference to risk sensitivities, scenarios and stress testing, and is set so as to ensure that the Company is able to maintain a sound financial position throughout economic cycles. Management's risk appetite in terms of capital is quantified with reference to minimum capital requirements and stress tests and ensures that a very healthy surplus is maintained over the company's assessed capital requirements.

Risk appetite is implemented through a supporting framework of limits that ensures that all material sources of risk are controlled in a manner consistent with management's overall risk policy. The Company follows a structured approach to limit management which ensures that limit reporting and monitoring is carried out at the appropriate operational level within the organisation. The status of the Company's overall risk profile in terms of risk appetite is monitored by management on an ongoing basis.

Risk Identification and Assessment

Following examination of all activities of the Company, all material risk exposures are identified and recorded within the MHEU risk inventory, whilst responsibility for the assessment of those risks resides with both the business and the risk control functions. The risk inventory contains classification of materiality, mitigants and controls to ensure capital adequacy. No specific risks were excluded from the risk identification process. The 1st LoD is actively engaged in an ongoing dialogue with the 2nd LoD to avoid any risks which could retrospectively be deemed unnecessary.

Risks and risk sub-types are assessed through the implementation of a variety of measures and 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.

6.2 Risk Profile

The Mizuho Financial Group is an international financial services group, which provides retail and commercial banking, securities services and trust banking. 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 clients globally.

Management Report (Continued)

6. Risk Review (Continued)

MHEU provides advisory, primary and secondary sales and trading functions to institutional European clients. The Company's client base consists primarily of financial institutions, corporates and SSA (Supranationals, Sub-Sovereigns und Agencies) 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, most of which fall under a back-to-back booking model.

Most of the market risk exposures arising from MHEU's primary and secondary market activities are transferred to other group entities in compliance with MHEU's current risk management framework. MHEU assumes market risk through its European Government Bond trading activity.

The Company's investment banking and equity broking activities result in low levels of risk exposure as the underwriting activity is predominantly conducted without accepting significant underwriting risk and the equity broking activity does not expose the Company directly to equity market risk. Fixed income sales activities result in low issuer risk due to position taking in EGB only; other positions are subject to the back-to-back booking model. Any derivative risk management solutions to clients are booked and cleared back-to-back.

6.3 Principal Risk and Uncertainties

Principal Risks

The Company's principal risks as an international investment banking and securities business are as follows:

Principal risk	Description	How risk is managed
Credit and Counterparty risk	The risk of financial loss to the Company if an issuer of a financial instrument or a customer fails to meet its contractual obligations.	The Risk Management Department performs independent credit analysis and due diligence on individual entities relevant to the Company's credit risk profile. Further, it ensures compliance with credit risk limits and policies to ensure that the Company operates within the agreed credit risk appetite framework. The Company's credit risk limit framework cascades down from its risk appetite owned by the Board and it includes limits for country, sector, asset class and counterparty. The Company's counterparty credit exposures are quantified to assess both current and potential credit risk. Current credit exposure represents the replacement cost of those instruments which have a positive carrying value. Potential credit exposures are based on estimates of future replacement costs over the remaining life of the instrument. The Company's credit risk profile is reviewed at the monthly Risk Management Committee meetings and also periodically reviewed by the Board.
Market risk	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. The principal market risks to which MHEU is exposed are FX risk and interest rate risk. Since starting trading in EGB, MHEU has been exposed to interest rate risk from market positions. On top of this, interest rate risk is also borne by treasury positions in HQLAs.	Management of all market risks is the responsibility of the individual business units. Risk Management is responsible for monitoring compliance with all market risk limits and policies. 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. With the gradual shift away from a pure back-to-back booking model and the sole occurrence of market risk in the Treasury funding and HQLA portfolio, market risk is starting to gain in materiality for MHEU. Market risk in trading books is controlled using VaR, stress, stress VaR and revenue limits in addition to the established curve sensitivity limit framework.

Management Report (Continued)

Principal risk	Description	How risk is managed
Liquidity risk	The risk that the Company, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due, even during times of idiosyncratic and / or market stress.	The Company's liquidity risk management framework enables and ensures continuous review of the Company's liquidity position. Liquidity mismatches and stress testing results are monitored and reported on a daily basis, and are formally reviewed monthly by the Risk Management Committee, of which the Asset and Liability Committee is a sub-committee. MHEU maintains liquidity in excess of regulatory and internal risk appetite requirements, Intraday liquidity risk and the risk of unforeseen initial margin posting requirements are considered to be the most material. The Company maintains liquidity resources that are adequate, both as to amount and quality, to ensure that there is no risk that its liabilities cannot be met as they fall due. Liquidity and funding is actively managed even though MHEU's funding sources are currently limited to MHI Group funding, and include lending from MHI and – if needed - capital injections. The Company documents its approach to liquidity risk management and its assessment of the appropriate minimum level of liquidity resources consistent with its liquidity risk appetite through its 'Internal Liquidity Adequacy Assessment Process ("ILAAP"). The approval and overall ownership of the ILAAP forms part of the accountabilities of the Board.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.	The Company manages its exposure through an Operational Risk Framework overseen and managed by Risk Management. The Framework includes risk identification and assessment, control and monitoring, and capital management. Operational risk exposures are assessed and measured using a variety of approaches including: risk and control self-assessments, the setting and reporting of key operational risk indicators, internal loss event reporting, external loss event capture and scenario stress testing. Operational risk is reviewed, assessed and monitored against defined tolerance statements via the Company's corporate governance structure. In addition, the Group maintains and tests contingency facilities to support operations in the event of business disruption and has purchased insurance where required by law or regulation and to address selected business risks. The Company's operational risk profile is reviewed at the monthly Risk Management Committee meetings whose attendees comprise i.a. the Board members. Significant matters are escalated to the Board and the MHI Board Risk Committee without delay. WpIG/IFR does not allocate capital for operational risk directly. 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.
Operational risk, in particular cyber risk	The risk of financial loss, disruption or damage to the reputation of an organisation from a failure of its information systems.	The Company maintains a comprehensive suite of policies, standards and controls to manage information and cyber security risk which is aligned with Group-wide practices and industry standard frameworks (ISO27001/NIST).
Operational risk, in particular conduct risk	The risk that actions undertaken by the Company may lead to customer detriment or have an adverse effect on market integrity, including with regards to financial crime.	The Company is committed to operating at all levels with the right culture and in accordance with its three pillars of inspiring trust, valuing and encouraging diversity of thought and driving forward a winning spirit. The Company identifies, manages and mitigates conduct risk through its conduct risk management framework. Whilst the CRO has overall responsibility for oversight of this framework, senior managers and staff are responsible for conduct risk management within their own business areas. Conduct risk is managed through a variety of means, which encompass clear communication of expected values, objective setting, articulation of policy, certification processes, training, conduct risk assessment, monitoring, reporting and appraisal processes. The Company's objective setting, appraisal and remuneration processes are designed to incentivise good conduct and to discourage poor conduct.

Principal risk	Description	How risk is managed
Operational risk, in particular Reputational risk	Risk to reputation arises from negative perception on the part of stakeholders that can adversely affect the company's ability to maintain existing, or establish new, business relationships and continued access to sources of funding and liquidity. This could be as a direct result of poor or inappropriate execution of business activities, staff behaviour or external factors such as false information or market rumours. Stakeholders include clients, counterparties, shareholders, investors, debt-holders, market analysts, suppliers, and regulators.	MHI Group's Audit & Compliance Committee receives regular updates with regard to significant conduct risk matters and reviews key conduct risk metrics. The company has a well-established policy and framework for identifying, assessing and managing reputational risk; the policy is attested to annually by staff. The framework defines the company's governance arrangements, responsibilities of staff, and escalation paths in the event of actual or potential damage to the company's reputation. Reputational- Rrisk is considered when entering new products and markets, when executing specific transactions, when exiting business lines or customer groups, and when assessing the suitability of business partners, for example outsourcing arrangements. Staff behaviour is guided by the company's values and individual conduct rules.
Credit concentration risk	The risk that the Company suffers losses because the credit exposure of a group of related counterparties accumulates. The driving factors for this are single name concentration, industry concentrations within the financial sector and regional concentrations.	Concentration risk arises mainly from MHEU's focus on cleared activities, which is consistent with the desire to reduce counterparty risks. In addition to the credit and counterparty risk roles, MHEU therefore additionally assesses MHEU therefore additionally assesses its capital requirements in the context of the economic capital assessment for concentration risk.
IRRBB	Outside the trading book, which is assessed via market risk, MHEU has fixed assets, the HQLA portfolio for liquidity management, sufficient long-term deposits and other liabilities that need to be assessed for interest rate risk.	MHEU's deposit funding is short-term and therefore subject to low interest rate risk. The banking book positions are subject to economic capital valuation to ensure that the risks are adequately capitalised.
Business risk	The risk that revenues do not cover costs because the revenue situation or the efficiency of business operations has deteriorated due to external influencing factors.	MHEU uses forward-looking stress testing for this risk and manages it by (a) establishing credible management actions to mitigate the impact of an adverse scenario, credible management actions to mitigate the impact of an adverse scenario, and (b) holding sufficient capital to mitigate the impact of a worst case scenario following management actions.

Uncertainties

A number of risks have also been identified which require closer senior management attention and could cause disruption to delivery of the Company's strategy, and/or material deviation of financial results/financial conditions from the Company's business plan. Given they are typically emerging risks which have more uncertain components we call them 'uncertainties', with impact crystallising over a longer time frame. Additionally, there may also be exacerbating factors which are beyond the Company's control which fall within this category of uncertainties. Some of the uncertainties actively considered by management over the year included:

- Macroeconomic concerns such as resurgence of inflationary pressures, increasing trends for corporate delinquencies, asset bubbles and unexpected/sudden market corrections.

- Major international current affairs/incidents such as escalations of geopolitical tensions including the Russia-Ukraine conflict, supply chain interruptions, or humanitarian/natural disasters.

- Dependency risk which arises from outsourcing arrangements, the back-to-back booking model, and its funding and results in a dependency of MHEU on MHI.

These uncertainties are discussed and monitored at the regular Risk Committee meetings, which are attended by members of the Board. For particularly impactful breaking news and events, management adopt an agile approach to managing the events as they unfurl, with the Board monitoring key metrics and dashboards daily, and convening at short notice for regular catch-ups to ensure downside risks are proactively managed.

6. Risk Review (Continued)

6.4 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 hedging of market risk positions, risk transfers, e.g. through the back-to-back booking model, credit risk mitigation techniques, business continuity planning and the purchase of insurance.

Risk Limits

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 with 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.

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 Anti Financial Crime risks and 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 Board is 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 in the markets in which it is active by establishing entity-specific early warning indicators whose breach may indicate deterioration in capital and liquidity strength. Monitoring and reporting the status of these early warning indicators forms part of the Company's recovery planning arrangements.

For most risk metrics and limits, exposures are reported daily by automated processes to support timely management information that includes several daily risk reports to the CEO, the CFO and the CRO, monthly risk reports to the Risk Management Committee whose meetings are attended by the Board members and a monthly risk report to the MHI Board Risk Committee in order to keep the shareholder informed on an ongoing basis.

Strategy and Planning

The Company's risk management approach is closely linked to the risk management approach of the MHI Group and uses - via outsourcing contracts - its infrastructure. Through its local governance, the Company 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 Company 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 incorporated into the risk appetite statement and the MHEU risk policies and procedures. They are regularly approved by the Company’s Board and reviewed on a monthly basis against the risk profile by the RMC. Upon request, they are submitted to the shareholder of MHEU.

The Company's activities comprise both the assumption and the transfer of certain risks, which the Company has to manage independently. In accordance with the ‘Minimum Requirements for Risk Management’ ("MaRisk"), the Company’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 Company is exposed. For all risks that are deemed to be material the risk strategy defines the strategic approach to risk management.

All risk types to which the Company is exposed are potentially material, however subsequent to the assessment process which takes place at least annually prior to drafting the ICAAP the following risks are deemed to be material (quantitatively of at least medium materiality) in line with the risk inventory of MHEU:

6. Risk Review (Continued)

- Liquidity risk
- Operational risk
- Business risk
- Fixed overheads

The assessment of materiality takes into account the business plan of MHEU. The aim of continued growth in the substance of the company within the first 3 years was fulfilled with the go-live and subsequent expansion of MHEU's EGB trading activity, with the GMK business now actively assuming and managing market risk positions. The volume of business in the financial year under review also continued its upward trend.

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.

The **normative perspective** takes into account the requirements for regulatory minimum capital ratios, including combined capital buffer requirement, the SREP premium – if any - 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 (RCP) corresponds to the regulatory capital, which consists exclusively of core capital (Tier 1) equalling EUR 43.0M. The capital requirement for the risks assumed is quantified on the basis of internal, institution-specific calculation approaches and was EUR 16.4M, leaving MHEU with a coverage ratio of 263%.

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 41.8M available against a requirement of EUR 14.3M, leaving MHEU with a coverage ratio of 292%. The risk coverage actions correspond to the RCP in the normative perspective.

The risk-bearing capacity concept and stress tests are validated annually. The risk-bearing capacity of the company was maintained at all times during the past fiscal year.

Additionally MHEU has also implemented an ILAAP and a recovery and resolution plan, both of which were submitted to BaFin in March/June 2023.

ILAAP

The ILAAP report describes the internal liquidity adequacy assessment process (ILAAP) for MHEU. This process includes the identification, measurement, management and monitoring of liquidity in accordance with the Minimum Requirements for Risk Management (MaRisk). The ILAAP supports the management in ensuring that MHEU has adequate liquidity resources at all times, in terms of both amount and quality, so that the Company can meet its liabilities as they fall due, even under various stress scenarios.

Stress Testing

Stress testing and scenario analysis are an important part of the Company's business planning and risk management process. Primarily used for assessing threats to the Company's business plan on a forward looking basis, it is also used in the assessment of liquidity risk, internal capital for market risk and, in the case of reverse stress testing, to identify scenarios that would render the Company's business model unviable.

6. Risk Review (Continued)

Under the ICAAP framework, the Company conducts an internal evaluation of its risks and capital requirements under severe but plausible scenarios and holds additional capital as a buffer to ensure that its minimum capital requirements can be met at all times.

Adequacy of Risk Management Arrangements

The Company assesses the adequacy of its overall 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 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 March 2023 was EUR 5.26M (previous year incl. buffer: EUR 7.07M). With capital resources of EUR 42.77M (previous year: EUR 44.95M) the coverage ratio stood at 813% (previous year: 636%).

6.5 Climate Risk

In line with the PRA’s Supervisory Statement 3/19 on enhancing banks’ and insurers’ approaches to managing financial risks from climate change, the Group has enhanced and embedded the consideration of environmental and sustainability concerns within its risk management framework. The Company has developed and embedded its approach to climate risk in a manner that is proportionate to being a dealer broker active across corporate and government bond trading markets, as well as Debt Capital Markets (“DCM”) and Equity Capital Markets (“ECM”) for select clients, and having no loan book.

Governance Responsibilities for Climate Risk

The Company’s Board is also accountable for climate risk and is committed to ensuring that sustainability is at the core of the Company’s activities. The Environmental Policy and Environmental and Social Management Policy sets out the responsibilities of individuals, committees and all members of staff relating to climate risk as well as the role of each of the three lines of defence in managing climate-related risk.

The Board takes oversight responsibility for understanding, identifying and managing the financial risks arising from climate change, with ESG and climate risk now being regularly tabled as an agenda item at the Risk Management Committee meetings. The Board receives regular ESG management information updates, covering risk, business, operational and social aspects. Climate risk is considered in all the relevant committees, including the New Product Committee, Underwriting and Reputational Risk Committee, Risk Management Committee, as well as the Board and is being incorporated in the relevant terms of reference.

Risk Management Framework

MHEU’s Board has approved an ESG risk appetite statement in 2020 which recognises the importance of environmental sustainability and the risks that arise as a result of environmental damage and climate change.

As with standard risks, climate-related risks are identified and assessed within MHI Group using internally developed criteria for sectors and geographies. Inventory exposures, if any, are assessed for whether they relate to higher physical and transition risk depending on the sector and geography with which they are associated. Exposures are monitored on a daily basis, with trends being reviewed monthly by the Risk Management Committee. MHI Group’s exposure to higher climate risk assets is low given the nature of the business – inventory exposures are not held for long periods of time. Furthermore, balance sheet assets (which include a diverse portfolio of issuer risk) are highly liquid. The approach to monitoring climate risk and other sustainability risks will continue to evolve in line with market practice and data availability.

Management Report (Continued)

6. Risk Review (Continued)

Climate Risk Policies

The Company currently has two policies related to ESG risk, reviewed regularly to ensure alignment with the relevant guidance notes from regulatory bodies in Germany and Europe. The policies help to clarify the Company's stance on climate change as well as to demonstrate our environmental awareness, and refer to specific actions that we intend to take on environmental matters.

The policies are:

- Environmental Policy – Sets out the ESG objectives that form the basis of our conduct and the specific actions we will take to achieve them. Responding to climate change forms a key pillar of our business strategy.

- Environmental and Social Management Policy for Financing and Investment Activity. This policy sets out the Company's control and escalation of the Mizuho Financial Group initiated restricted industrial sector policy, ensuring compatibility with Mizuho Financial Group's Policies on specific industrial sectors.

- Environmental, Climate and Social Risk Policy. This document sets out the environmental and climate risk policy for MHEU.

6.6 Regulatory Capital Management

The primary objectives of MHEU's capital management process is to ensure that the regulated entity complies with all externally imposed capital requirements and maintains a strong capital position in order to support the Group's business.

MHEU maintains an effectively managed capital base to cover risks inherent in the business. The Directive on the Prudential Supervision of Investment Firms ("IFD") and its implementation into national law, the Wertpapierinstitutsgesetz ("WpIG") together with the Prudential Requirements for Investment Firms ("IFR") are the relevant supervisory statements on the prudential requirements for MHEU, which is considered a medium-sized (class 2) investment firm within the meaning of Section 2 (17) WpIG, having entered into force on 26 June 2021.

MHEU performs regular capital projections that include scenario analysis, which are reviewed by the Company's senior management and are consistent with requirements under Basel Pillar II. The Company manages its capital structure and makes adjustments to it as appropriate in light of changes in economic conditions and the risk characteristics of its activities.

Regulatory capital is set at the higher of Fixed Overhead Requirement ("FOR"), Permanent Minimum Requirement ("PMR"), and the K-Factor Requirement ("KFR"). The KFR is, in turn, made up of Risk to Client ("RtC"), Risk to Firm ("RtF") and Risk to Market ("RtM") factors.

MHEU's RtC is extremely small, TEUR 0.2 (previous year incl. buffer: TEUR 0.3) as MHEU neither holds nor administers any significant amount of client money. Due to MHEU's business model, only fails to settle can lead to MHEU holding any client money.

MHEU's RtF is moderate, TEUR 2,296 (previous year incl. buffer: TEUR 2,436) which is primarily driven by the daily trading flow in cash trades, but does include a small amount of counterparty risk due to deposits at cash clearing agents and collateral at OTC and futures clearing agents. Counterparty risk is governed by a comprehensive set of credit risk limits.

MHEU's RtM is still small, TEUR 249 (previous year incl. buffer: TEUR 1,157), as most of MHEU's trading was back-to-back, except for market making in EGBs, where most of the market risk however is hedged with futures. Market risk is governed by a comprehensive set of market risk limits. As at 31 March 2023, MHEU reported a VaR of TEUR 44 (previous year: TEUR 102, based on a historical one day simulation calculation with a confidence level of 99%). This was caused by long and short position in European government bonds resulting in a EUR PV01 interest rate sensitivity of TEUR +0.05 in the EGB trading book and TEUR -0.19 in the treasury book, producing a total EUR PV01 of TEUR -0.14.

6. Risk Review (Continued)

The resulting KFR (RtC + RtF + RtM), TEUR 2,545 (previous year incl. buffer: TEUR 3,593), and the PMR TEUR 750, are both smaller than the FOR, TEUR 5,260 (previous year incl. buffer: TEUR 7,070), which also covers MHEU's appetite for, and internal assessment of, operational risk.

7. Employee Considerations – Performance Measurement and Management (Unaudited)

Within our company, our employees are our most valuable asset. The success and reputation of MHEU as part of the MHI Group is determined by the commitment, hard work and integrity of its employees. The Company and its business operations are managed in accordance with a variety of measures that are regularly reported to management. The primary metrics used to monitor and manage performance within the Group include profit before tax, capital utilisation, VaR utilisation and stress test results.

7.1 Remuneration

Since the Remuneration Ordinance for Investment Firms ("WpI-VergV ") had still not been adopted by the end of this financial year, MHEU's Management Board decided to continue to base its remuneration policy mainly on the Remuneration Ordinance for Institutions ("IVV") and to change the approach once the WpI-VergV becomes applicable.

MHEU itself is not a "significant" institution, within the meaning of the IVV. However, the Company is obliged to comply with certain requirements with respect to its remuneration through the MHI Group. Therefore, under CRD V the parent company MHI is required to identify Material Risk Takers ("MRTs") throughout its consolidation group. These individuals are referred to as "Group MRTs" and are subject to the UK regulatory remuneration rules - MHI'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, KWG, the IVV and the interpretative guidelines to the IVV, and the WpHG, 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. 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 Company's and the MHI Group's objectives. The compensation strategy also provides a market-driven compensation structure to attract and retain high-calibre employees.

Management Report (Continued)

7. Employee Considerations – Performance Measurement and Management (Unaudited) (Continued)

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 contributions 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.

MHEU employed at 31 March 2023, 43 full time employees (FTE) (previous year: 36 FTE). This represents an increase of 19% compared to 31 March 2022. 16 FTE were hired whilst 9 FTE left.

8. Environmental, Social & Governance (ESG) (Unaudited)

8.1 Environmental

MHFG has committed to align its business with the aims of the Paris Agreement and to become net zero by 2050. Meanwhile, sustainability has become a central pillar of MHFG’s strategic direction, and to support this, sustainability actions have been strengthened over the course of the last year.

Notable steps taken include:

- Revision of the “Net Zero Transition Plan”, with a focus on a more integrated response to climate change going forward;
- Raising targets for sustainable and environmental and climate change-related finance (JPY 100tn of which JPY 50tn for environmental and climate change-related finance, during the FY 2019-30 period, equating to EUR 691.3bn and EUR 345.7bn, respectively);
- Disclosure of Scope 3 financed emissions for 19 sectors and setting Scope 3 targets for key sectors to achieve its net zero target by 2050;
- Disclosure of progress towards financed greenhouse gas emissions reduction targets across the electric power, oil and gas, and coal mining (thermal coal) sectors;
- Progress made towards reducing own Scope 1 and 2 greenhouse gas (“GHG”) emissions (carbon neutral by FY30 target) by shifting electricity consumption in Japanese operations to renewable energy;
- Demonstrate a stronger focus on human rights, being the first Japanese financial institution to publish a Human Rights Report in July 2022.

Not only is sustainability embedded in strategic planning, risk management and business priorities, but it also centrally features within MHFG’s ‘Corporate Philosophy and Purpose', both of which apply to Mizuho entities globally and as such inform how the Group operates. The Corporate Philosophy and Purpose clearly emphasise the importance of sustainability for the progress and longevity of both our organisation, and society more broadly. As a result, our business teams are further empowered to support our clients in their respective business transformations, and to work towards driving sustainable change within our own organisation.

The increased focus on sustainability at MHFG during the last year has also led to the appointment of MHFG’s first Group Chief Sustainability Officer in September 2022, with oversight and leadership of the Sustainable Business Promotion Department and Sustainability Planning Departments. The principal aim of this appointment is to reinforce sustainability promotion strategies and foster ever deeper collaboration across the organisation. In parallel, local appointments in EMEA, including a Head of Sustainable Finance, have strengthened the MHI Group’s ability to collaborate effectively with Head Office and Mizuho entities globally.

The magnitude of the recent sustainable finance target upgrade – a four-fold increase to JPY100tn (EUR 691.3bn) – reflects both MHFG’s progress to date and its higher ambitions and evolving business focus going forward. With MHFG’s historical strengths in carbon-intensive industries, it has adopted an

8. Environmental, Social & Governance (ESG) (Unaudited) (Continued)

engagement-based approach to support clients with their transition through constructive dialogue. The transformation of businesses and entire industries presents a range of transition finance opportunities, which MHFG companies including MHEU are increasingly embracing.

While supporting client transition initiatives, MHFG is also focused on climate-related risk management, with the aim of reducing financed greenhouse gas emissions from carbon-related sectors, including electric power, oil and gas, and coal mining (thermal coal). This includes risk identification and assessment, as well as the verification of the credibility of clients' transition strategies.

Developments within the Mizuho Group

In line with the progress made, as well as the growing ambition at MHFG, a broad range of sustainability initiatives continue to be implemented by the MHI Group. This includes the work of the Sustainability Forum – a governance committee – and its theme-based working groups. The working groups cover Business and Strategy, Risk Management, Governance and Disclosure, Communications, Culture and Education, as well as Operations. The forum, chaired by the EMEA Head of Sustainability, and its working groups are a vehicle for exchange and collaboration between the sustainability function and other departments from across the Group.

Key focus areas and initiatives over the last year have included:

- The formation of the Mizuho EMEA Sustainability Framework;
- Alignment of business development and client engagement with MHFG's sustainability strategy, and closer cooperation with Mizuho affiliates in EMEA;
- Enhancing the sophistication of the climate risk identification and assessment methodology;
- Ensuring a sound and effective governance framework for sustainability and climate risk management;
- Aligning with regulatory expectations in relation to climate change and other aspects of sustainability;
- Enhancing external transparency and communication channels;
- Monitoring and managing MHEU's own operational footprint and the sustainability of our supply chain.

Mirroring the corporate structure at MHFG, locally in EMEA there are also distinct sustainable finance and corporate sustainability functions. The MHEU's RMC receives regular updates on climate risk, sustainable finance, and broader sustainability-related matters of importance.

MHEU's sustainability strategy is closely aligned with MHFG's strategic planning, and as such is focused on supporting our clients in their respective transitions, while acknowledging regional idiosyncrasies. In line with our ongoing CIB transformation we are now successfully providing sustainable finance solutions within the EMEA region across Debt Capital Markets.

The Sustainable Finance team work in close collaboration with sector coverage teams to support client engagement activities, while maintaining connectivity across regions with Mizuho entities in Asia and the Americas. In order to build awareness of industry standards and rapidly evolving market practice, the MHI Group Sustainable Finance team is actively participating in industry initiatives such as the International Capital Market Association and Loan Market Association working groups.

MHEU has established itself as a trusted partner to European investment grade corporate clients, working on a range of ESG transactions. This year's notable bond deal successes – across sustainability-linked, sustainability, and green bonds – include several ESG format debuts.

Sustainability Timeline

- MHFG initiatives
- MHI initiatives

2003

- First Japanese bank to adopt the Equator Principles

2006

- Signed up to the United Nations Environmental Programme Finance Initiative (UNEP FI)

2018

- First major Japanese bank to report as per the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations
- Established MHI Policy on Specific Industrial Sectors

2019

- Signatory to the United Nations Principles for Responsible Banking (UN PRB)

2020

- Set Sustainable Finance target of JPY 25tr by FY30 (JPY 12tr of which is Environmental)
- Established MHI Environmental and Climate Risk Policy

2021

- First Japanese Bank to join the Partnership for Carbon Accounting Financials (PCAF)
- Joined Net-Zero Banking Alliance (NZBA)

2022

- Appointed a Group Chief Sustainability Officer (Group CSuO)
- Endorsed the Principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum
- First Japanese financial institution to publish a Human Rights Report
- Sustainable Business Promotion Department and Sustainability Planning Department established
- MHI joined Sustainable Trading, a non-profit industry association
- Set target to be carbon neutral for Scope 1 and 2 GHG emissions by FY30
- World's first financial institution to participate in the UN Development Program's SDG Impact Standards Training Programme
- Developed a framework to assess the credibility and transparency of client transition strategies
- Disclosed financed emissions for 19 sectors and set medium-term financed emissions targets for Electric Power, Oil and Gas, and Thermal Coal Mining

2023

- Entered a strategic relationship with Decarbonisation Partners
- Quadrupled Sustainable Finance target to JPY 100tr (JPY 50tr of which is Environmental and Climate Change-related)

8. Environmental, Social & Governance (ESG) (Unaudited) (Continued)

Against the backdrop of challenging conditions in primary debt capital markets, with issuance of both conventional and ESG bond formats shrinking during the year, MHEU's ESG format business held up well. The total monetary value of ESG bond tranches underwritten by MHEU in FY23 grew by 92.6% year-on-year, with an 11.8% year-on-year increase in the number of tranches, and steady revenues.

We have also been building awareness of ESG formats within our Global Markets business across Credit and Rates, in line with evolving client preferences and the growing relative importance of ESG issuance in primary markets. In 2022, the MHI Group joined Sustainable Trading, a non-profit industry network working towards transforming ESG practices within the financial markets trading industry, including devising practical solutions and designing a mechanism for self-assessment and benchmarking.

8.2 Strategic Climate Risk

MHEU has adopted a proportionate approach to embedding the identification and management of climate-related risks, in line with our business model and the scale and complexity of our activities. The approach has been enhanced further over the course of financial year 2022/2023 in keeping with evolving market practice, growing sophistication of methodologies, and better ESG data availability.

One of the key developments within the Company in relation to climate risk has been a move away from previous high-level sector and country-based assessment approaches to a more granular entity-level transition risk assessment. The outputs of the analysis are integrated into our climate risk management information and dashboards, and shared with key governance committees.

We continue to monitor the evolution of both MHFG's and broader industry-wide approaches to climate risk management, as well as scenario analysis and stress testing, across both physical and transition risks. As part of our scoping of industry approaches and climate and sustainability risk methodology developments, representatives of the MHI Group have actively participated in industry working groups over the last year – with United National Environment Programme Finance Initiative, Global Financial Markets Association and International Swaps and Derivatives Association – focusing on aspects of ESG data, scenario analysis, and capital. Among other themes, we note the increased focus across our industry on reputational risk stemming from potential greenwashing concerns, and are monitoring evolving industry approaches towards managing these as well as developing our own reputational risk governance framework.

Building on the progress to date, MHEU's approach to managing climate risk will continue to mature over time, supported by deepening collaboration across the Mizuho global platform.

MHEU has drafted an environmental and social management policy for financing and investments, which aims to avoid and mitigate negative environmental and social impacts of financing and investments. This policy aims to identify potential increased risks of client investments in relation to human rights issues as well as business sectors with negative human rights impacts and to develop strategies to avoid and/or mitigate these negative impacts.

Before deciding to conclude a business transaction or enter into a new business relationship, MHEU assesses the extent to which the client has taken measures to avoid or mitigate risks and conducts further due diligence depending on the characteristics of the services provided. The organisation also regularly confirms the status of environmental and social risk initiatives by engaging in constructive dialogue with clients in specific sectors. Even with service providers and suppliers, MHEU established a procurement policy to enhance responsible sourcing practices by setting a basic approach and requirements for its suppliers and service providers to consider environmental aspects, respect for human rights and information management.

8.3 MHEU's Own Operational Footprint

MHEU strives to reduce the environmental impact of its business activities, including through the use of sustainable energy and resources, pollution prevention and practicing sustainable procurement.

We have put emphasis on ensuring that our Frankfurt office, '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

8. Environmental, Social & Governance (ESG) (Unaudited) (Continued)

US LEED standard). The electricity we consume in our office building is up to 100% produced from regenerative energy sources, nearly carbon neutral and consequently delivering a sustainable contribution to the protection of our climate.

MHEU's two representative offices in Paris and Madrid are also located in buildings with sustainable features. The Washington Plaza in the heart of Paris, for example, has been awarded the BREEAM certificate, which evaluates ecological and socio-cultural aspects of the sustainability of buildings, and received the French sustainability certificate of the HQE. In Madrid's financial district, MHEU's office space is located at Orense 34, which has also been awarded various sustainability certificates (LEED Gold certificate, the 5-star AIS (Accessibility Indicator System) certification).

In all 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.

8.4 Our People, Culture and Conduct

The success and reputation of MHEU is driven by the commitment, engagement and integrity of our people. We recognise that people are our most important asset, and as such employee wellbeing and embedding an inclusive culture where everyone can thrive and be their authentic selves is at the heart of all we do.

The MHI Group defines its culture based on the core value from Mizuho Financial Group to "be a catalyst for change". Underpinning this are five values: integrity, passion, agility, creativity and empathy, and the following arrangements and initiatives support this culture.

One of our key focuses is strengthening our **junior talent** pipeline. We continue to run our graduate programme whilst committing to a 50:50 gender balance. Furthermore, we hosted, for the first time, a successful 10 week summer internship across both our front and back offices.

We are committed to an embedded culture of **flexible working** where hybrid working is the norm for the vast majority of our roles. The move to flexible working no longer being solely associated with primary carers and mothers is a critical one, and the ability to capitalise on agile working solutions enables us to unlock increases in innovation, engagement and productivity.

The Company is committed to carrying out business with the **highest standards of integrity and fair dealing**, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. MHEU has an anti-bribery policy, which sets out the policy and key controls implemented by the Company and the Group which include management oversight, individual's responsibilities, the conduct of risk assessments, and specific procedures in relation to gifts, hospitality, facilitation payments, use of business partners/intermediaries and procurement.
Training and guidance in relation to this policy have been provided to employees. Employees are required to report any suspicions of bribery to the Compliance Department.

The Company's **Anti-Money Laundering** ("AML") policy is designed to ensure that MHEU complies with the requirements and obligations set out in the EU and applicable local legislation, regulations, rules and industry guidance for the financial services sector, including the need to have adequate systems and controls in place to mitigate the risk that MHEU may be used to facilitate financial crime.

The Company is committed to **equal opportunities for all.** MHEU opposes all forms of discrimination, including discrimination on the grounds of age, disability, gender (including gender reassignment), marriage and civil partnership, pregnancy and parenthood, ethnic origin, religion or belief and sexual orientation. All employees, whether full-time, part-time or temporary, are treated fairly, equally and with respect. This applies to all aspects of employment, including recruitment and selection, appraisal, training and development, promotion, pay and working conditions.

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.

Management Report (Continued)

8. Environmental, Social & Governance (ESG) (Unaudited) (Continued)

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 determined by the commitment, hard work and integrity of its employees. It is critical for the company to protect and develop its most important capital, its employees, through a **team-oriented work culture** that promotes personal growth and employee well-being.

MHEU supports individual training and offers a variety of training courses and development programmes for employees.

MHEU also participates in a number of MHI Group **diversity and inclusion** networks to form a common inclusion network. Together, these networks aim to have a greater impact and drive cultural change in MHI Group. The new inclusion network currently includes the following initiatives: Cultural Diversity, Family, Gender, Faith Diversity, Pride, and Future Leaders.

9. Events since the Balance Sheet Date

There were no material events since the Balance Sheet Date.

10. Going Concern

The Company's financial statements have been prepared on a going concern basis.

The Board's 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 as outlined in this document (and as evidenced in the ILAAP and Recovery & Resolution plan of the Company).

The Board believe that there are no material risks or uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Frankfurt am Main, 28 August 2023

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

Independent Auditor's Report

To Mizuho Securities Europe GmbH, Frankfurt am Main.

Report on the audit of the annual financial statements and the management report

Audit Opinion

We have audited the annual financial statements of Mizuho Securities Europe GmbH, Frankfurt am Main, comprising the Balance Sheet as at 31 March 2023 and the Profit and Loss Statement for the business year from 1 April 2022 to 31 March 2023, and the notes to the financial statements, including a description of the accounting and valuation methods. We have also audited the management report of Mizuho Securities Europe GmbH, Frankfurt am Main, Frankfurt am Main, for the financial year from 1 April 2022 to 31 March 2023. We made no audit of the content of the sections "2. Corporate Governance", "7. Employee Concerns - Performance Measurement and Management" and "8. Environmental, Social and Governance (ESG)" of the management report, which are non-management report disclosures. Non-management report disclosures in the management report are disclosures that are not required by §§ 289, 289a or §§ 289b to 289f HGB.

In our opinion, based on the findings of our audit

- the attached annual financial statements comply in all material respects with the German commercial law provisions applicable to institutions and give a true and fair view of the net assets and financial position of the Company as at 31 March 2023 and of its results of operations for the financial year from 1 April 2022 to 31 March 2023 in accordance with German principles of proper accounting and

- the accompanying management report as a whole provides a suitable view 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 accurately presents the opportunities and risks of future development. Our opinion on the management report does not extend to the content of sections 2., 7. and 8. of the management report mentioned above.

In accordance with Section 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 Section 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. Corporate Governance", "7. Employee Concerns - Performance Measurement and Management" and "8. Environmental, Social and Governance (ESG)" 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.

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

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

- appears to be substantially misrepresented elsewhere.

Independent Auditor‘s Report (Continued)

If, based on the work we have performed, we conclude that there has been a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the legal representatives for the annual 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 Section 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;

- we 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;

Independent Auditor‘s Report (Continued)

- 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, 28 August 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Alt	Stapel
Wirtschaftsprüfer	Wirtschaftsprüfer

Balance Sheet

Balance sheet as at 31 March 2023
Mizuho Securities Europe GmbH

Assets		31 March 2023	31 March 2022
	Euro	Euro	Euro
1. Receivables from credit institutions			
a) due on demand	10,971,033.58		26,550,355.88
b) other receivables	12,513,307.57	23,484,341.15	7,509,749.35
2. Receivables from customers thereof: Secured by mortgages 0 Euro Municipal loans 0 Euro		112,705.63	51,931.79
3. Bonds and other fixed-income securities			
a) bonds and notes			
aa) of public-sector issuers thereof: eligible as collateral with Deutsche Bundesbank 41,672,353.11 Euro (previous year: 41,091,615.00 Euro)		41,672,353.11	41,091,615.00
4. Equity shares and other non-fixed income securities		1,008,896.73	761,263.24
5. Trading assets		260,937,446.89	726,417,991.40
6. Tangible assets		763,395.41	1,000,089.60
7. Other assets		8,601,367.15	4,099,105.41
8. Prepaid expenses		296,617.60	285,525.83
Total assets		336,877,123.67	807,767,627.50

Liabilities		31 March 2023	31 March 2022
	Euro	Euro	Euro
1. Liabilities to credit institutions			
a) due on demand	4.05		3,818.30
b) with agreed maturity date or notice period	33,785,830.23	33,785,834.28	182,841,676.34
2. Liabilities to customers a) Other Liabilities aa) With agreed term or period of notice		232,376.21	315,911.42
3. Trading liabilities		249,791,599.72	568,280,871.02
4. Other liabilities		1,382,732.58	943,216.40
5. Deferred income		30,267.94	31,164.72
6. Provisions			
a) tax provisions	459,001.91		666,804.93
b) other provisions	7,650,448.12	8,109,450.03	6,726,837.46
7. Funds for general banking risks		0.00	96,211.80
8. 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	7,861,115.11		5,039,417.17
d) Net loss (-) / Net income (+)	-4,316,252.20	43,544,862.91	2,821,697.94
Total liabilities		336,877,123.67	807,767,627.50

Profit and Loss Statement

Profit and Loss Statement
Mizuho Securities Europe GmbH
For the period 01 April 2022 - 31 March 2023

Expenses	Euro	Euro	31 March 2023 Euro	31 March 2022 Euro
1. Interest expenses			594,090.57	248,693.26
2. Commission expenses			27,652,583.66	27,748,725.74
3. Net expenses of the trading portfolio			0.00	454,026.07
4. General administrative expenses				
a) Staff expenses		11,374,867.00		10,196,560.40
aa) Wages and Salaries	9,622,316.58			8,666,336.48
ab) Compulsory social security contributions and expenses for pensions and other employee benefits	1,752,550.42			1,530,223.92
thereof for pension 486,932.33 Euro (previous year: 451,327.73 Euro)				
b) other administrative expenses		15,278,474.27	26,653,341.27	13,121,951.01
5. Depreciation, amortization and write-downs of and value adjustments to intangible and fixed assets			295,507.79	286,920.83
6. Other expenses			0.00	16,452.83
7. Write-downs of and value adjustments to claims and certain securities as well as additions to provisions for loan losses			0.00	296,757.19
8. Write-downs of and value-adjustments to stakes, shares in affiliated companies and securities treated as fixed assets			0.00	28,414.21
9. Income taxes			-607,141.24	1,326,494.49
10. Net income			-	2,821,697.94
Total expenses			54,588,382.05	56,546,693.97

Revenues	Euro	31 March 2023 Euro	31 March 2022 Euro
1. Interest income			
a) from lending and money market transactions	120,392.73		135,699.55
b) Fixed-income securities and government-inscribed debt	0.00	120,392.73	4.35
2. Current income from			
a) Equity shares and other variable-yield securities		36,221.05	25,017.10
3. Commission income		35,707,615.87	41,523,475.92
4. Net trading result		171,928.30	0.00
5. Income from write-ups on loans and certain securities and from the release of provisions in loan business		50,366.29	0.00
6. Income from write-ups on participating interests, investments in affiliated companies and securities treated as fixed assets		135,986.31	0.00
7. Other income		14,049,619.30	14,862,497.06
8. Net loss		4,316,252.20	-
Total revenues		54,588,382.05	56,546,693.97

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 HRB 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).

1.1 Accounting and Valuation Methods

Cash reserve and bank balances are carried at nominal value.

Receivables from 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 Section 253 (3) HGB applies: In the event of temporary impairment, there is a devaluation obligation.

Hedge accounting valuation units (Bewertungseinheiten) are formed in accordance with Section 254 HGB. The hedging relationships end when the underlying transaction or hedging instrument expires, is sold or exercised or the requirements for the formation of valuation units are no longer met. There are no valuation units for highly probable transactions.

In general, for purchases and sales of cash transactions including shares, settlement date accounting is applied for the purposes of recognising and de-recognising financial instruments in the Company's' general ledger.

All financial instruments classified as held for trading, including derivatives, debt instruments and equity securities are recognised at fair value less the risk discount in accordance with Section 340e (3) HGB. 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.

Securities sold under repurchase agreements and repurchased at a future date are recognized on the balance sheet over the life of the agreement. The corresponding cash received from the temporary sale of the securities, including accrued interest, is recorded as a repo on the balance sheet, reflecting its economic nature as a loan payable. Securities acquired under a repurchase agreement with a future retransfer agreement (reverse repurchase agreements) are not recognized in the balance sheet. The corresponding cash payments including accrued interest are accounted for as reverse repurchase agreements, reflecting their economic nature as a loan receivable. Repo and reverse repo transactions are recognized at fair value in the trading portfolio and in net trading income.

The initial recognition of trading assets is at acquisition costs. The subsequent measurement is 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-market-model. If no active market and no valuation model is available, fair value is equal to amortised costs.

A risk discount has to be recognized as an expense according to Section 340e (3) HGB. Value at risk (VaR) measures the 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 as requested by Section 340g in connection with Section 340e HGB, 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 released to offset a net trading loss, to offset a net loss for the year if there is no coverage from a carried forward profit from the previous year, to offset a loss carried

Notes to the Financial Statements (Continued)

1. BASIS OF PREPARATION (Continued)

forward from the previous year if it is not covered by the net income of the current year or if the reserve is exceeding 50% of the average of the last five annual net trading gains.

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

Other assets are carried at nominal value.

Accrued and deferred items are created pursuant to the applicable principles of Section 250 HGB. These items are deferred correspondingly as income or expenses in the accounting period.

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

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) 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.

Deferred taxes assets are not recognised in exercise of the option set out under Section 274 (1) sentence 2 HGB. In the event of a difference between the commercial and the tax balance sheet which leads to a deferred tax liability, a provision for deferred taxes is booked.

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. Due to rounding, there may be minor discrepancies in the totals in this report.

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 Company applies the special hedging method pursuant to Section 340h HGB, reflects internal risk management procedures.

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

Notes to the Financial Statements (Continued)

3. CURRENCY TRANSLATION (Continued)

Assets and liabilities denominated in foreign currency:

	2023	2022
	TEUR	TEUR
Assets	**6,555**	7,235
Liabilities	**6,470**	6,483

4. MATURITY STRUCTURE

	2023	2022
	TEUR	TEUR
Receivables from credit institutions with a remaining term of		
payable on demand	**10,971**	26,550
up to 3 months	**8,983**	4,689
more than 3 months up to 1 year	**3,530**	2,820

The balance of receivables of TEUR 10.971 consists of bank balances.

	2023	2022
	TEUR	TEUR
Receivables from customers with a remaining term of		
payable on demand	**0**	0
up to 3 months	**113**	52
more than 3 months up to 1 year	**0**	0

	2023	20212
	TEUR	TEUR
Liabilities to credit institutions with a remaining term of		
payable on demand	**0**	4
up to 3 months	**30,638**	158,992
more than 3 months up to 1 year	**3,142**	23,850
Liabilities to customers with a remaining term of		
payable on demand	**0**	0
up to 3 months	**239**	316
more than 3 months up to 1 year	**0**	0

Notes to the Financial Statements (Continued)

5. RELATIONSHIP WITH OTHER COMPANIES OF MIZUHO GROUP

	2023	2022
	TEUR	TEUR
Receivables from credit institutions	**6,125**	3,127
Receivables from customers	**-**	-
Liabilities to credit institutions	**33,454**	182,340
Liabilities to customers	**-**	-

Receivables from credit institutions of TEUR 5,800 are with Mizuho International plc, TEUR 129 with Mizuho Bank Ltd., Tokyo, TEUR 148 with Mizuho Securities Co. Ltd., Tokyo and TEUR 48 with Mizuho Securities USA Inc.

Liabilities to credit institutions include TEUR 33,389 with Mizuho International plc, TEUR 50 with Mizuho Securities Co. Ltd., Tokyo, TEUR 9 with Mizuho Bank Ltd. Düsseldorf Branch and TEUR 6 with Mizuho Securities Asia Ltd..

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 41,672. The maturity is between 1-3 months for TEUR 27,817 and 3-6 months for TEUR 13,855. The full amount of TEUR 41,672 is listed on the stock exchange.

7. EQUITY SHARES AND OTHER NON-FIXED INCOME SECURITIES

Equity shares and other non-fixed income securities of TEUR 1,009 (previous year: TEUR 761) are fully tradeable on stock exchanges.

There are employees of MHEU who receive variable salary components in the form of shares which are allocated to the employees over future years. The value of the provision to the employees depends on the number of shares and the share price. For hedging purposes, MHEU has acquired the shares at the time when awarded and holds them as a hedge. The purpose of the hedge is to avoid changes in the P&L which are caused by share price volatility. The shares perfectly hedge the provision to the employees. Any change in the share price leads to a change of the provision with the same amount. As of 31 March 2023, 56,259 securities were held as fixed assets with a value of TEUR 732 and were part of the valuation unit and served as a hedge. Shares that were part of the valuation unit were valued at market price.

8. TRADING PORTFOLIO

The TEUR 260,937 (previous year: TEUR 726,418) in the trading assets represent TEUR 135,003 in reverse repurchase agreements with the parent company Mizuho International plc, fixed-interest securities of TEUR 125,980 and TEUR 79 in financial derivatives. These financial instruments are included in our trading book as at the balance sheet date. A risk adjustment of TEUR -125 was booked in accordance with Section 340e (3) HGB.

The TEUR 249,792 (previous year: TEUR 568,281) in the trading liabilities represent fixed-interest-securities of TEUR 129,260, TEUR 120,398 in repurchase agreements with the parent company Mizuho International plc and TEUR 134 in financial derivatives.

Notes to the Financial Statements (Continued)

8. TRADING PORTFOLIO (Continued)

	2023	2022
	TEUR	TEUR
Trading assets		
Receivables from reverse repurchase agreements	**135,003**	403.736
Fixed-interest securities	**125,980**	321.896
Financial derivatives	**79**	1,061
Risk adjustment in accordance with 340e (3) HGB	**-125**	-275

	2023	2022
	TEUR	TEUR
Trading liabilities		
Fixed-interest securities	**129,260**	209.787
Liabilities from repurchase agreements	**120.398**	357,038
Financial derivatives	**134**	1,456

Repurchase agreements are concluded to finance the positions in the trading portfolio and are therefore reported as receivables from reverse repurchase agreements and liabilities from repurchase agreements in the trading portfolio. As of the balance sheet date, the carrying amount of the assets sold under repurchase agreements recognized in the balance sheet was TEUR 127,520 (previous year: TEUR 356,265).

Derivative financial instruments consist of futures and swap contracts recognized at fair value at the respective mark-to-market prices and purchases and sales of the same bonds (back-to-back model), for which there is a period of twelve to thirteen days between the trade date and the settlement date and the settlement date falls in the next financial year. Forward contracts are accounted for at fair value using the discounted cash flow method.

At financial year end, the active derivative trading portfolio consisted of bond-related derivatives with a total market value of TEUR 40 (previous year: TEUR 753), futures with a market value of TEUR 38 (previous year: TEUR 308) and interest-rate swap contracts in Japanese Yen with a market value of TEUR <1. The passive derivative trading portfolio consists of futures contracts with a market value of TEUR -93 (previous year: TEUR -505), forward contracts with fixed-interest securities with a market value of TEUR -40 (previous year: TEUR -951) and interest-rate swap contracts in Japanese Yen with a market value of TEUR <1. Bonds forward and swap contracts were purchased back-to-back with purchases and sales with the same contract values and have therefore offsetting market values.

Notes to the Financial Statements (Continued)

9. FIXED ASSET REGISTER

	Short leasehold property	Fixtures, equipment, integrated software and vehicles	Assets under construction	Total
	TEUR	TEUR	TEUR	TEUR
Cost				
As at 1st April 2022	990	813	40	1,843
Additions	6	35	18	59
Disposals	-	-	-	-
Transfers	-	40	-40	-
At 31 March 2023	**995**	**889**	**18**	**1,902**
Accumulated depreciation and amortisation				
As at 1st April 2022	427	416	-	843
Scheduled depreciation	145	150	-	296
Extraordinary depreciation	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	-	-	-
At 31 March 2023	**572**	**566**	**-**	**1,139**
Remaining book value				
At 31 March 2023	**423**	**322**	**18**	**763**
At 31 March 2022	**563**	**397**	**40**	**1,000**

10. OTHER ASSETS

Other assets to the value of TEUR 8,601 (previous year: TEUR 4,099) are essentially composed by margin payments of TEUR 3,950, tax receivables of TEUR 3,358, accrued coupons of TEUR 522 and security deposits for MHEU's offices of TEUR 120.

11. OTHER LIABILITIES

Other liabilities of TEUR 1,383 (previous year: TEUR 943) mainly comprise liabilities resulting from value-added taxes of TEUR 410, accrued coupons payables of TEUR 366 and Human Resources related payables of TEUR 93.

12. PROVISIONS

Provisions in the year under review amount to TEUR 8,109 (prior year: TEUR 7,394) and are mainly composed of bonus provisions TEUR 4,352, service agreements with the parent company of TEUR 1,100, regulatory fees of TEUR 857 and corporate tax provisions of TEUR 459.

Notes to the Financial Statements (Continued)

13. FUND FOR GENERAL BANKING RISK

Section 340e (4) HGB requires that a certain amount of the net trading result needs to be allocated to the funds for general banking risk that is defined in Section 340g HGB. The amount may only be reversed for one of the reasons defined under section 340e (4) HGB. An amount of TEUR 96 has been released in order to reduce the net loss for the year.

14. EQUITY

Mizuho Securities Europe GmbH's total equity as of 31 March 2023 is TEUR 43,545 (previous year: TEUR 47,861) 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), retained earnings of TEUR 7,861 (previous year: TEUR 5,039) and a net loss for this year of TEUR -4,316.

15. NET INTEREST INCOME

The interest result of TEUR -474 (previous year: TEUR -113) is made up of interest income of TEUR 120 (previous year: TEUR 136) and interest expenses of TEUR 594 (previous year: TEUR 249). The expense increase mainly results from higher interest rates on loans.

16. NET COMMISSION INCOME

Net commission income of TEUR 8,055 (previous year: TEUR 13,775) consists of commission income of TEUR 35,708 (previous year: TEUR 41,524) and commission expenses of TEUR 27,653 (previous year: TEUR 27,749) and is mainly from the GIB business.

17. NET TRADING RESULT

The net trading result amounts to TEUR 172 (previous year: TEUR -454). It is based on a net trading loss of TEUR -74 (previous year: TEUR -179), a positive effect of TEUR 149 (previous year: TEUR -75) from a risk adjustment, due to a lower risk discount than in the previous year, which was booked in accordance with Section 340e (3) HGB. In addition, TEUR 96 were released from the funds of general banking risk in accordance with Section 340e (4) sentence 2 in order to reduce the net loss.

18. OTHER OPERATING INCOME

The other operating income as of 31 March 2023 amounts to TEUR 14,050 (previous year: TEUR 14,862). The amount mainly consists of income of TEUR 12,694 from the intra-group transfer pricing agreement (previous year: TEUR 12,755) with the parent company Mizuho International plc and TEUR 1,221 from intra-group transfer pricing agreements with Mizuho Securities Co Ltd. in GMK (previous year: TEUR 1,330). Provisions with an amount of TEUR 125 were released.

19. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses mainly include personnel expenses and other administrative expenses. Personnel expenses consist mainly of wages and salaries of TEUR 9,622 (previous year: TEUR 8,666) and social security expenses and expenses for pensions of TEUR 1,753 (previous year: TEUR 1,530) for the headquarters in Frankfurt and the branches in Madrid and Paris.

Other administrative expenses of TEUR 15,278 (previous year: TEUR 13,122) mainly consist of costs for the services of Mizuho International plc in the UK of TEUR 10,340, cost for market data services of TEUR 1,567, professional fees of TEUR 1,424 and rent of TEUR 742 (incl. ancillary costs).

Notes to the Financial Statements (Continued)

20. 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 296 (previous year: TEUR 287).

21. OTHER OPERATING EXPENSE

Other operating expenses amounted to TEUR 0 in the reporting period (previous year: TEUR 16).

22. WRITE-UPS ON LOANS AND CERTAIN SECURITIES

This item includes TEUR 50 (previous year: TEUR -297) from realized gains on bonds in the Liquidity Asset Buffer (Liquiditätsreserve). The difference is the result of a positive interest rate environment in the financial year which led to a gain.

23. TAXES ON PROFIT

Profit-based taxes of the current year amount to a tax credit of TEUR -607 (previous year TEUR 1,326) which result from a loss carry back. The amount breaks down into a corporate income tax credit of TEUR -584, a solidarity surcharge tax credit of TEUR -44 and trade tax of TEUR 21.

24. AUDITOR'S FEE

The auditor's fee as at 31 March 2023 is made up as follows in accordance with Section 285 No. 17 HGB:

	2023 TEUR
a) Annual audit services	**200**
b) other certification services (Audit of reporting obligations and rules of conduct pursuant to Section 89 (1) of the German Securities Trading Act (WpHG)	**65**
c) other services	**0**
Total	**265**

25. APPROPRIATION OF RESULTS

The net loss for the year of TEUR 4,316 is fully covered by retained earnings, which were built up by the positive results of the previous years.

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

26. EMPLOYEES

The number of employees as of 31 March 2023 is as follows:

	2023 Number	2022 Number
Management	**3**	3
Others	**40**	33
	43	36

Notes to the Financial Statements (Continued)

26. EMPLOYEES (Continued)

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

	2023 Average	2022 Average
Management	**3**	3
Others	**39**	34
	42	37

27. MANAGEMENT

As at 31 March 2023 the Board consisted of three Managing Directors (Geschäftsführer) who 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 remuneration granted to the members of the Management Board in the course of the year amounted to TEUR 2,040 (previous year: TEUR 2,030), this value includes 33,155 (previous year: 42,091) Mizuho Financial Group, Inc. shares (ISIN JP3885780001).

Mr. Seibel was appointed to the Supervisory Board of Mizuho Bank Europe N.V., located in Amsterdam/Netherlands, on 17 August 2023. None of the other above-mentioned members of the Management Board have a mandate on a supervisory board or other supervisory body.

28. 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
30 Old Bailey
London, EC4M 7AU
United Kingdom

https://www.mizuhogroup.com/emea/who-we-are/governance/mizuho-international-plc-legal-and-compliance/annual-reports

The parent company Mizuho Financial Group Inc. creates the consolidated annual reports for the largest group of companies.

Notes to the Financial Statements (Continued)

28. GROUP RELATIONSHIPS (Continued)

Copies of the consolidated financial statements of Mizuho Financial Group, Inc. 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

https://www.mizuhogroup.com/investors/financial-information/financial-statements

29. 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, 28 August 2023

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

ANNEX

COUNTRY BY COUNTRY REPORTING ACCORDING TO SECTION 42 WPIG

Group	Revenues	Profit before tax	Taxes	Government aid received	Average number of employees
	Mio. EUR	Mio. EUR	Mio. EUR	Mio. EUR	in FTE
Germany (Investment services)	12.6	-5.8	-0.8	0	34
Spain (Investment services)	4.4	0.4	0.1	0	4
France (Investment services)	5.0	0.5	0.1	0	4
Total	**22.0**	**-4.9**	**-0.6**	**0**	**42**

APPROVAL OF THE FINANCIAL STATEMENTS AS OF 31.03.2023

The annual financial statements as of March 31, 2023 were prepared by the management, audited by Ernst und Young GmbH Wirtschaftsprüfungsgesellschaft and were given an unqualified audit certificate, were approved on September 20, 2023.

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