

The background of the entire page is a photograph of St Paul's Cathedral in London at dusk. The cathedral's large dome is illuminated with warm lights, and its spire reaches into a deep blue sky with some clouds. In the foreground, the Millennium Bridge is visible, with its distinctive white, rib-like structure and glass railings. The bridge is also lit up, and its reflection is visible in the water below. The overall scene is a blend of historic architecture and modern engineering.

MIZUHO

Mizuho
International plc

Annual Report
for year ended
31 March 2024

Amended



Celebrating our 150TH Anniversary

1873 – 2023

Innovating today.
Transforming tomorrow.

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General Information

Directors as at the date of signature of the Reports and Financial Statements

Ms M. Erasmus	Chair and Independent Non-Executive Director
Mr S. Bakhshi	President and Chief Executive Officer
Mr Y. Imafuku	Deputy President and Managing Director
Mr D. Atkinson	Independent Non-Executive Director
Mr G. Bennett	Independent Non-Executive Director
Mr T. Waddell	Independent Non-Executive Director
Mr Y. Nanjo	Non-Executive Director
Mr F. Suzuki	Non-Executive Director
Mr Y. Wakabayashi	Non-Executive Director

Company Secretary

Ms S. Fox

Auditors

Ernst &Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY
United Kingdom

Registered Office

30 Old Bailey
London EC4M 7AU
Tel: 020 7236 1090

Registered in
England and Wales
Number 1203696

Group Chair's Statement



Maureen Erasmus
Chair and Independent Non-Executive Director

In FY 23/24, Mizuho celebrated its 150 year anniversary since the founding of the first bank that would eventually become the Mizuho Financial Group. FY 23/24 can also be regarded as a truly transformative year in Mizuho EMEA's history, with integration across businesses and jurisdictions in support of a unified Corporate and Investment Banking ("CIB") franchise. This intricate and multi-faceted integration was achieved under the leadership of Suneel Bakhshi (President and CEO, Mizuho International plc and CIB Head, EMEA) and Fumiro Suzuki (CEO for EMEA), who led in partnership and with great skill to deliver our strategy, while facilitating cultural cohesion across the respective franchises.

The organisational integration not only strengthened the operating model to reflect a true CIB structure but has also provided the foundations for a more sustainable and profitable regional franchise. More recently as of April 2024, the crucial alignment of front office staff into one entity as well as the consolidation of all support functions across the Bank and Securities entities into a dedicated shared services company will further help drive us towards a unified culture. Furthermore, in Europe, under the plans announced during the year to create a EU Universal bank, Mizuho Financial Group will be able to consolidate its footprint in the region in order to optimise client coverage. This will enable the MHI Group to compete better with its European peers and ultimately provide an improved, unified service to clients.

During the year, Mizuho Financial Group acquired Greenhill, a global M&A and restructuring advisory firm with strong presence in the UK and Europe. While still in its formative stages, we look forward to working with Greenhill on mutually advantageous transactions and being able to leverage our expanded capability and serve our clients more holistically.

Our efforts to grow our business in the Middle East have been bolstered by significant advisory deals

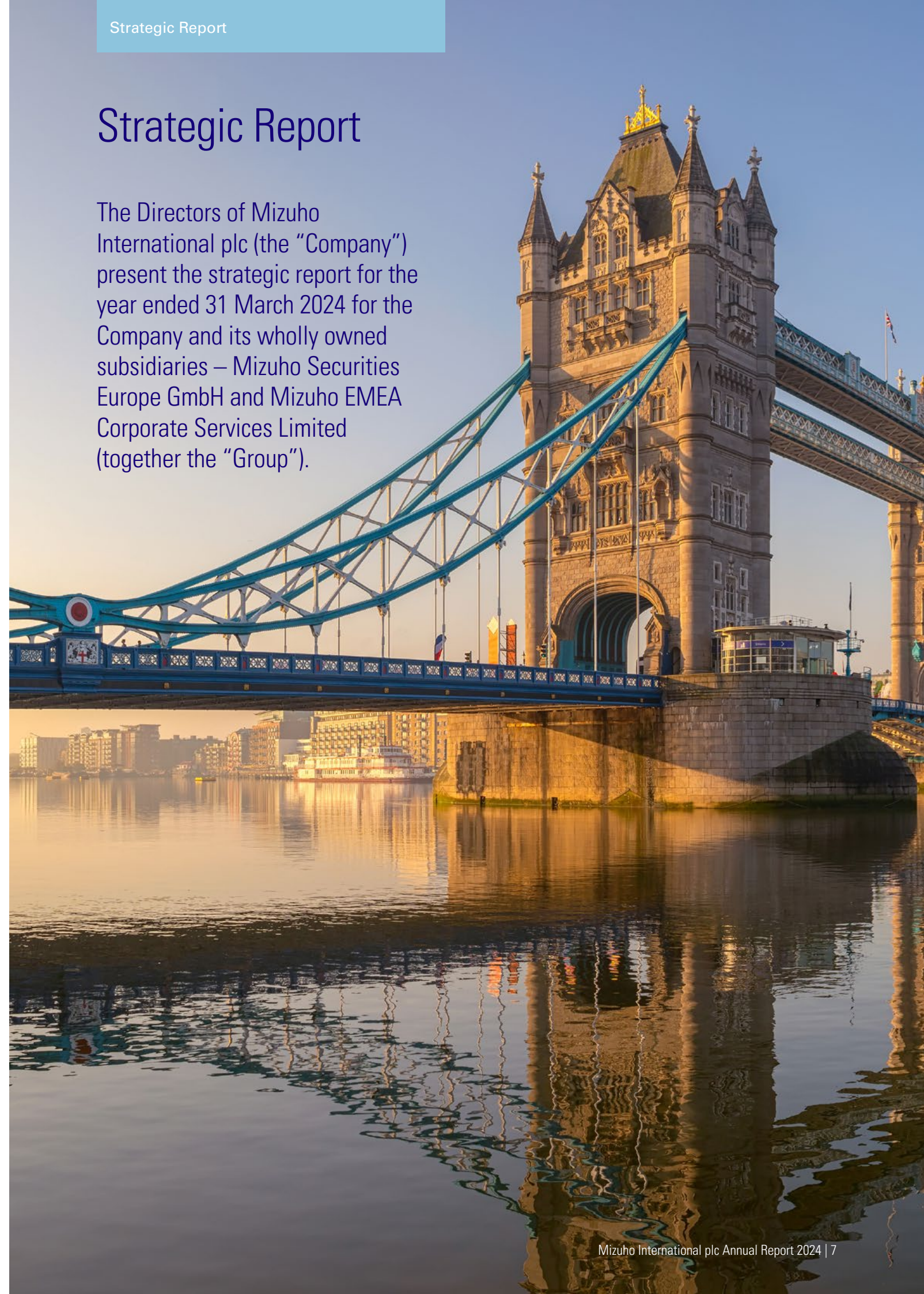
in the energy transition space, a focus area for many of our clients in the region. This includes breakthrough transactions on green hydrogen and green ammonia. These sophisticated deals entail advisory, complex structuring, capital raising, asset monetisation and risk management solutions on a multi-year basis.

We also had multiple changes to the Mizuho International Board of Directors during the year. Both David Weymouth and Naoki Takahashi (as representative of our parent shareholder) stepped down as non-executive directors. I would like to thank David Weymouth for his immense contribution to Mizuho International over his nine year tenure, and similarly thank and bid farewell to Takahashi-san. We welcomed Tim Waddell and Yutaka Nanjo to the Board. Tim Waddell has had an exemplary career with leading global CIB institutions and his expertise will be invaluable during this period of significant change. Nanjo-san joins as the new non-executive director from our shareholder where he serves as Head of Global Investment Banking Division.

Along with the Mizuho International Board of Directors, I am extremely pleased that the foundations for a robust CIB European franchise have been cemented, and the progress in FY 23/24 has been encouraging to see. We look forward to the continued strengthening of our European franchise in the coming year.

Strategic Report

The Directors of Mizuho International plc (the "Company") present the strategic report for the year ended 31 March 2024 for the Company and its wholly owned subsidiaries – Mizuho Securities Europe GmbH and Mizuho EMEA Corporate Services Limited (together the "Group").



1. Overview of the Group

The Group is the European, Middle East and African (“EMEA”) based securities and investment banking arm of the Mizuho Financial Group, Inc. (“Mizuho Financial Group” or “MHFG”), and is a wholly owned subsidiary of Mizuho Securities Co., Ltd (“MHSC”). The Company is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the PRA and the Financial Conduct Authority (“FCA”), and is a member of the London Stock Exchange and LCH Limited. Mizuho Securities Europe GmbH (“MHEU”) is licensed by Germany’s Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”). Mizuho EMEA Corporate Services Limited (“MECS”) is a private limited company incorporated in England and Wales.

Mizuho Financial Group’s other entities in EMEA include Mizuho Bank, which offers corporate banking services to clients, and Asset Management One, offering asset management services to institutional and wholesale clients across the region.

Closely aligned with Mizuho Financial Group’s strategy, with a focus on client demand, the Group provides a wide range of investment banking products and solutions in the EMEA region.

1.1. Business Lines and Clients

The Group has one main class of business with two underlying business divisions, being the Banking Division and the Markets Division:

- The **Banking Division** arranges and underwrites new debt issuances for major corporate, Financial Institution Group and Financial Sponsor clients of Mizuho. It also underwrites international equity offerings and convertible bonds for Japanese and EMEA corporations, provides M&A services to Japanese firms targeting EMEA assets, and offers advisory services to EMEA clients, with a particular focus on energy, infrastructure and Sovereign Wealth Fund clients. Starting this year, the Banking team has begun to partner with Greenhill, the boutique advisory firm acquired by the Mizuho Financial Group in December 2023, to provide event-driven financing solutions; and

- The **Markets Division** offers a comprehensive range of services including sales, trading and financing of fixed income securities and derivatives for global institutional investors, and the sourcing of European-originated products for Mizuho’s Japanese clients. The division also delivers pan-Asian equity sales, research, corporate access and execution services for EMEA clients, covering cash products, convertible bonds and equity derivative products.

2. Business Strategy and Results

2.1. Business Strategy

The leadership team is focused on developing a unified, client-centric CIB business model that capitalises on Mizuho’s global relationships, talent and resources.

The Group plays a vital role within the Mizuho Financial Group, facilitating capital flows between Japan and international markets. The Group aims to achieve stable profits, enhance returns and improve revenue quality by fostering deeper, differentiated client relationships and optimising allocation of resources towards more value-added products.

The strategy focuses on increasing collaboration across Banking, Markets and other Mizuho entities globally, and the creation of a single Mizuho EMEA brand to serve our clients across franchises and entities under a single, cohesive identity. This will help strengthen client relationships, open additional engagement opportunities and enable the Group to offer innovative value-added products and services to our clients.

Several significant change initiatives were implemented throughout the year in support of this strategy, with our people playing a central role in their successful execution. For more details on these change initiatives, please refer to Section 3 – Strategic Priorities.

2.2. Business Results

The Group returned to profitability during the year driven by strong revenue growth Year-on-Year, while a tighter management of costs has resulted in costs coming in under budget.

Performance was driven by the Markets division, with notable outperformance in bond trading and derivatives business lines.

2.3. 31 March 2024 Results Summary

	2024	2023
	£ millions	£ millions
Net income from operations	244.1	194.4
Administrative expenses & depreciation	(230.0)	(203.9)
Provision for liabilities	0.9	(0.9)
Profit / (Loss) on ordinary activities before taxation	15.0	(10.4)
Tax on profit on ordinary activities	(1.5)	5.9
Profit / (Loss) for the year	13.5	(4.5)

Within the Banking division, an improved macroeconomic backdrop, combined with leveraging synergies from the CIB model and Mizuho’s global franchise capabilities, led to an overall upturn in performance. Increased supply in the primary markets also helped our Debt Capital Markets (“DCM”) franchise, enabling the Group to strengthen its wallet share and improve its league table positioning amongst its EMEA competitors.

Within the Markets division, internal metrics measuring quality of sales and number of clients we are cross-selling to, have shown significant improvements, highlighting the impact that the CIB model is having on our business performance. Corporate derivatives revenues were bolstered this year, driven by Sponsors and Project Finance transactions and enhanced trading capabilities.

Despite the backdrop of key strategic change initiatives and associated additional spending, there was a continued focus on cost management, resulting in the Group’s costs coming in under budget for the year. The Group continues to maintain vigilant cost control whilst navigating through an evolving business environment.

2.4. Key Performance Indicators (KPIs)

The Group has put in place several initiatives (refer Section 3) to grow revenues and develop cost efficiencies going forward. The Group is committed to ensuring that it complies with all relevant regulatory requirements at all times and monitors this continuously as part of its prudent capital management framework. To effectively assess its core business performance, the Group has established the following KPIs:

Financial Performance Indicators

Net income from operations

£244.1m

(2023: £194.4m)

Operating expenses

£229.1m

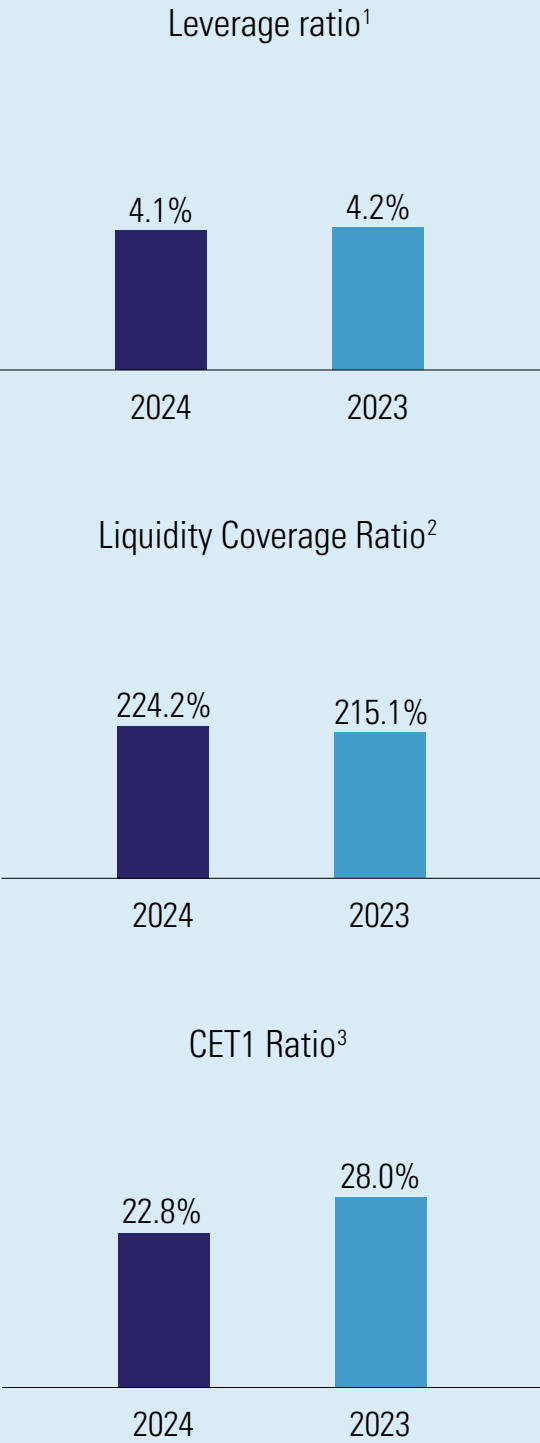
(2023: £204.8m)

Cost to Income Ratio

94%

(2023: 105%)

Regulatory Indicators



1. Leverage Ratio defined as: Common Equity Tier 1 Capital / Total Exposure Measure

2. Liquidity Coverage Ratio defined as: Liquidity Buffer / Net Liquidity Outflows over a 30 day stress period

3. CET1 Ratio defined as: Common Equity Tier 1 Capital / Total Risk Exposure Amount

Inclusion and Diversity Indicators



Mizuho is represented by **34 nationalities**. (Data according to passports).



Our networks ran **45 events** over the last 12 months.



Mizuho has **5 inclusion networks**. These comprise of Cultural Diversity, Family, Future Leaders, Gender and Pride networks.



Winners of Inside Out Awards Mental Health award for UK Large Employer of the year 2023.



3. Strategic Priorities

The Group is focused on integrating the cross-entity Banking and Markets franchises in EMEA under a unified CIB model to better serve our clients and enhance our value-added offering. This will facilitate reallocation and optimisation of resources to build more strategic partnerships with our clients and benefit from providing higher-margin products and services, whilst continuing to maintain a strong focus on risk control and governance.

3.1. CIB Strategy and Client Focus

The strategy to unify the Group and Mizuho Bank, London branch under a CIB model accelerated through the year, supported by new leadership and key framework changes including a combined governance model, shared EMEA-wide performance indicators and an integrated remuneration policy, to drive unified decision-making and behaviours.

The CIB integration focuses on leveraging synergies between Banking and Markets to grow our key franchise product offerings and strengthen our customer relationships by anticipating and supporting their needs. To facilitate this alignment and ensure the provision of an integrated service to our clients, more of the Group's employees across front offices and corporate functions have been dual hatted into Mizuho Bank, London branch. These integration initiatives will provide a better platform for Mizuho to meet our clients' aspirations and develop long-term relationships, enable us to optimise asset allocation in the region, and aid the growth in the products and services that our clients value the most.

3.2. Establishment of a Shared Services Entity

On 15 September 2023, a new entity, MECS, was incorporated as a wholly owned subsidiary of the Company. The establishment of MECS is with the aim of creating a single service company that will consolidate the shared corporate functions for the Group and Mizuho Bank, London branch. This initiative is driven by the need to further integrate cultures and create an entity-agnostic model for servicing the region's clients. Creating a single shared services entity will also help streamline management and reporting lines and facilitate harmonisation of operating practices. Significant preparatory work was undertaken during the year in preparation for go-live of the new entity from 1 April 2024, which will employ c.900 transferring employees from that date.



3.3. Establishment of a Universal Bank in the EU

The Mizuho Financial Group currently operates multiple entities in the EU, resulting in exposure to multiple regulatory regimes as well as some duplication of operating model processes.

During FY 23/24, a decision was made to integrate the entities into a lighter, unified organisation and form a new, integrated Universal Bank headquartered in the Netherlands. As part of this initiative, MHEU (which is a subsidiary of the Company) is proposed to be merged into Mizuho Bank Europe ("MBE"). During the year, significant preparatory work was undertaken in readiness for the new unified EU entity, which is planned to go live in 2025.

3.4. Market alignment

In line with the CIB Strategy and the dual-hatting of teams across the Group and Mizuho Bank, London branch, changes were made to the region's executive level governance model and a new integrated governance framework was implemented with the aim of unifying decision making, fostering a cohesive corporate culture and enhancing efficiency, whilst still maintaining the necessary entity level governance required. These changes will enable the Group to become more market aligned, provide integrated client coverage and facilitate stronger co-ordination between the Banking and Markets businesses in the EMEA region. As part of these changes, a new EMEA Executive Committee was established with representation from both the Group and MHBK, London branch, and a number of sub-committees were either integrated or newly established to support decision making.

4. Principal Risks and Uncertainties

As an international investment banking and securities markets business, the Group is affected by a range of risk factors. The Group's risk management framework comprises risk identification, quantification, control and risk monitoring and reporting processes designed to achieve effective management in line with the Group's risk appetite statement through a top-down delegation of authority.

4.1. Uncertain geopolitical and macro-economic outlook

The year ahead will be particularly notable due to the number of major elections that are due to take place, including in the US and UK. The impact of these on geopolitics, economies and societies has the potential to be significant.

China's increased military presence in the South China Sea and ongoing conflicts, including Israel-Hamas and Russia-Ukraine, continue to pose significant geopolitical risk which has the potential to impact capital flows, trade and commodity markets worldwide.

Against this backdrop, forecasting inflation and labour markets remains a core challenge for financial markets, impacting monetary policy expectations, exchange rates, asset prices and the debt sustainability of many countries. Businesses will have to continue to adapt to the changing prices and expectations as well as the associated risks and uncertainties.

The Group will continue to closely monitor the geopolitical and macro-economic risks which are expected to remain, as well as the related repercussions on clients and markets. Managing downside risks will remain a priority through careful credit inventory management and the utilisation of hedging products, where necessary.

4.2. Climate and Sustainability

Identifying and managing financial risks associated with climate change remains a critical priority for the Group. As the world transitions to a low carbon economy, financial institutions including the Group face evolving stakeholder expectations and regulatory change that could significantly impact their business activities. With appropriate Board oversight and the integration of climate risk into the Group's risk appetite, risk identification, risk measurement, stress testing and employee training management processes framework, the Group continues to make progress in managing climate risks and opportunities as part of its broader range of sustainability initiatives. More details are available in Section 5.

4.3. IT and Cyber Risk

Banks are operating in an increasingly hostile cyber risk environment. Therefore, risk control mechanisms such as security monitoring and incident response, security testing, access segregation, vulnerability management and network security are fundamental focus areas to protect the Group and enable it to continue operating in a seamless manner and mitigate cyber-security related risk.

4.4. Risks associated with complex organisational change

Following the establishment of the shared services entity MECS (see section 3.2) and announcement of plans to establish a Universal

Bank (see section 3.3), the Group anticipates significant changes in the business footprint across EMEA, which brings with it associated transition risks. As with any period of significant change, this can also apply additional pressure on teams and certain key individuals, increasing the risk of talent loss and heightening "key person risk". To address these challenges, the Group has put in place appropriate governance structures to proactively monitor and manage these changes.

4.5. Regulatory risk

The volume of regulatory change across the global financial services industry continues to be significant, which has an impact on the Group's business activities.

Politics continues to drive regulatory developments, with upcoming elections in multiple jurisdictions including the UK and US, and recently concluded elections in the EU, poised to shape the broader regulatory agenda. The increased scope and breadth of sanctions, particularly since Russia's invasion of Ukraine, increases the cost and risk of regulatory compliance for the Group.

Tackling online fraud, cybercrime and assessing the impact of artificial intelligence, alongside developing 'operational resilience' in this regard, are key priorities for regulators, as are 'financial resilience' measures, including tackling exposures to shadow banking and large, concentrated risks more generally following recent banking failures.

Ongoing and expected future regulatory changes in relation to the implementation of Basel 3.1 standards, including the Fundamental Review of the Trading Book, are also an area of keen focus. The PRA published a set of near-final rules in relation to some Basel 3.1 aspects in 2023, with the final rules expected later this year.

Finally, Environmental, Social and Governance ("ESG") developments continue to constitute a sizeable segment of the regulatory agenda, characterised by a gradual shift from legislative enactment to enforcement on the one hand, and a politically driven fragmentation of approach across regions on the other, whilst the perennial risk of ESG litigation triggered by activists and other impacted stakeholders continues to tick over in the background across multiple jurisdictions.

More details about the Group's principal risks and its risk management framework can be found in the Risk Review section.

5. Environmental, Social & Governance ("ESG") Update

5.1. Introduction

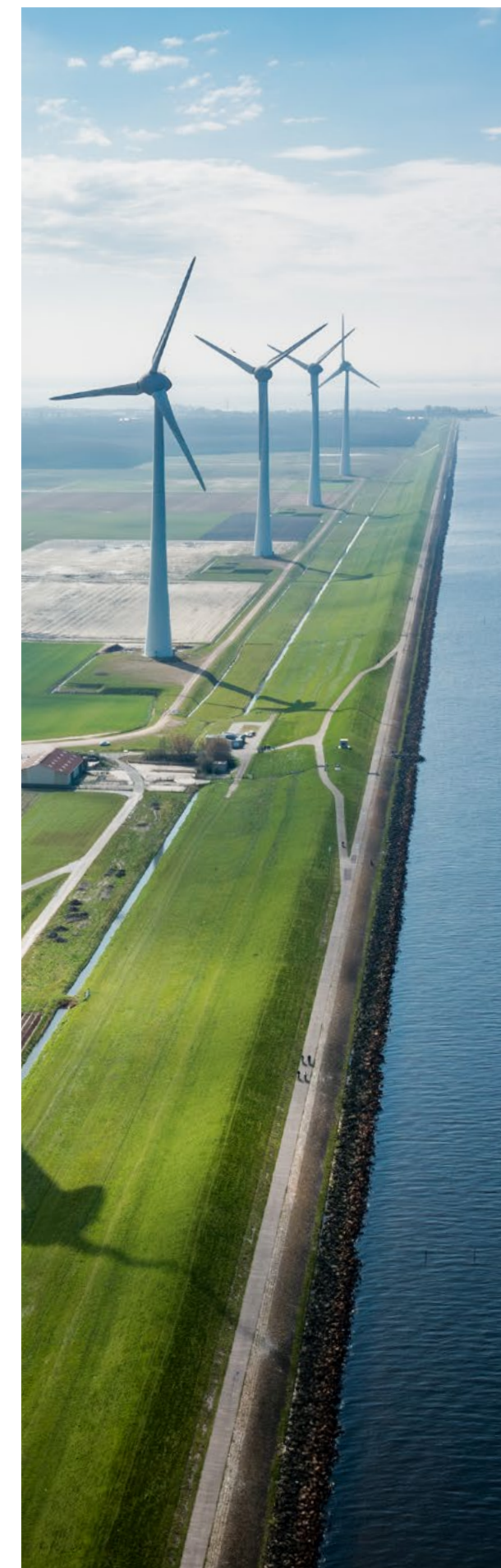
MHFG has committed to align its business with the aims of the Paris Agreement and to become net zero by 2050. Meanwhile, sustainability remains a central pillar of MHFG's strategic direction – and to support this – sustainability actions have been strengthened further over the course of FY 23/24.

Notable steps taken by MHFG during the year include:

- 'Sustainability and Innovation' included as one of the pillars of the FY 23-25 medium-term business plan;
- Medium-term financed emissions targets set for the Automotive and Maritime Transport sectors (in addition to already existing medium-term targets for other sector);
- Joined the International Capital Market Association's ("ICMA") Advisory Council of the Executive Committee for the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines and the Sustainability-Linked Bond Principles;
- Established Sustainability Risk Management Office and Basic Policy on Climate-related Risk Management;
- Strengthened the Social and Environmental Risk verification process;
- Registered as an Early Adopter of the Taskforce on Nature-related Financial Disclosures ("TNFD").

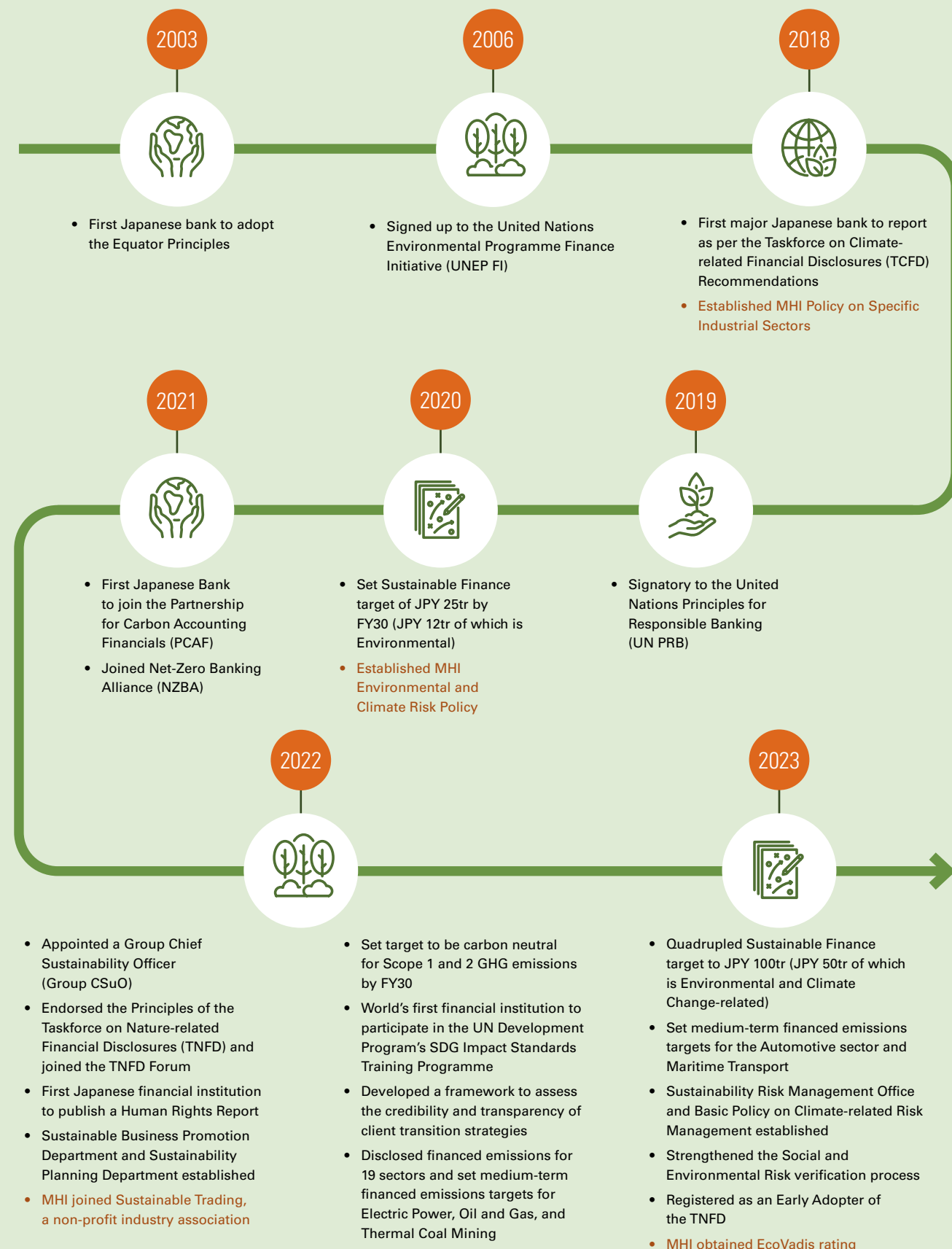
Not only is sustainability embedded in strategic planning, risk management and business priorities, but it also features centrally within MHFG's Corporate Philosophy and Purpose, both of which apply to Mizuho entities globally and as such inform how the Group operates. The Corporate Philosophy and Purpose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

MHFG was proud to be selected to join the ICMA Advisory Council of the Executive Committee for the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines



Sustainability Timeline

- MHFG initiatives
- MHI initiatives



and the Sustainability-Linked Bond Principles for the first time, as part of its activities to continue to support and promote the development of the sustainable finance markets. With 'Sustainability and Innovation' being one of MHFG's medium-term business plan pillars, steady progress continues to be made towards the JPY 100tn (£ 523.2bn) sustainable finance target by FY 30/31. Sustainable finance extended by MHFG since FY 19/20 to first-half FY 23/24 amounts to JPY25.3tn (£ 132.4bn). To support its clients on their respective transition paths, MHFG follows an engagement-based approach through constructive dialogue. The transformation of businesses and entire industries presents a range of transition finance opportunities, which MHFG companies including the Group continue to pursue.

Developments within the Group

In line with the progress made as well as the continued growth in ambition at MHFG, a broad range of sustainability initiatives continue to be implemented at the Group. This is supported by the Mizuho EMEA Sustainability Forum and its theme-based working groups, enabling effective cross-functional collaboration. The Sustainability Framework has been updated, so as to remain relevant as an overarching governance plan in what remains an evolving area for the Group and the industry more broadly. The primary aim of the framework is to embed sustainability as a key principle across the operations and business activities of both the Group and Mizuho EMEA, including and particularly on climate-related matters. New governance initiatives during FY 23/24 have covered ESG data and remuneration as well as sustainable finance, helping the Group advance its strategic sustainability priorities, and manage its climate-related risks and opportunities.

The Group's Board of Directors and Executive Committee have taken part in sustainable finance learning and development. In addition, to enable the embedding of sustainability and climate-related initiatives, the Group has launched an employee sustainability education programme covering climate change, sustainable finance, climate risk management and other pertinent areas. Through the programme, employees across functions and corporate grades build awareness of the breadth and complexity of sustainability, and its relevance to the activities of both the Group and MHFG. The employee sustainability education offering will continue to evolve over time, to reflect the broadening and deepening of the role of sustainability within the finance industry.

The Group's approach to sustainability and climate-related matters takes into account both the associated risks and opportunities, and rests on embedding their management within existing governance processes. The Senior Management Function responsibility for the financial risks arising from climate change rests with the Group's CEO. The Group's Board of Directors and Executive Committee receive regular updates on climate risk, sustainable finance, regulatory developments, and other sustainability-related matters of importance, allowing them to make informed decisions in relation to the identification, assessment and management of climate-related risks and opportunities. The Risk Management function assesses the transition risk profile of the Group's exposures, presenting these to the EMEA Risk Management Committee for consideration. Meanwhile, climate-related opportunities are identified and assessed by our client-facing teams, and presented to the Executive Committee.

In FY 23/24, the Group underwent its first external sustainability assessment with EcoVadis, covering four thematic areas – Environment, Labour and Human Rights, Ethics, and Sustainable Procurement – gaining a Silver medal. This demonstrates the results of the Group's sustainability efforts as well as its commitment to transparency.

5.2. Sustainable Finance

The Group's sustainability strategy is aligned with MHFG's strategic planning, and as such is based on engagement and supporting our clients in their respective transitions, while acknowledging regional and sectoral idiosyncrasies. In line with our CIB business model, we continue to provide sustainable finance solutions within the EMEA region across Debt and Loan Capital Markets.

The Group has established itself as a trusted partner to clients across EMEA, working on a wide range of ESG transactions. This year's notable bond deal successes include several ESG format debuts. Deal highlights include:

- Active Bookrunner for a dual-tranche EUR 500m 4-year Green Bond and EUR 1bn 10-year Sustainability-Linked Bond for an Italian utility company, with the Green tranche representing the issuer's debut in the format, and the transaction the issuer's joint largest ESG bond exercise.



- Active Bookrunner for a EUR 1.1bn perpetual non-callable 8.1 hybrid Green Bond from a Spanish Telecoms issuer, representing the issuer's largest hybrid ESG bond issued to date. The issuer has a target for financing linked to sustainability to represent c.40% of total financing by 2026.
- Active Bookrunner for a debut USD 750m 10.5-year Green Bond from a Middle Eastern investment fund, following the publication of the issuer's first ESG framework.

In addition, the Group has significantly increased its presence in the energy transition advisory space in the Middle East, following from a high-profile national oil company M&A transaction with advisory roles across carbon capture infrastructure, low-carbon hydrogen, and waste management plants in the overall primary Debt Capital Markets business. In FY 23/24, MHFG committed to an increased sustainable finance target of JPY 100tr by FY 30/31, of which JPY 50tr is earmarked for environment and climate-related finance, Mizuho's activities in EMEA contribute towards this target, which is monitored and disclosed by MHFG.

5.3. Strategic Climate Risk

Both MHFG and the Group are focused on climate-related risk management. To support this focus, targets have been set by MHFG for reducing financed emissions from carbon-intensive sectors, covering Electric Power, Oil and Gas, Coal Mining (Thermal Coal), Automotive and Maritime Transport (the latter two added in FY 23/24). MHFG has further committed to setting Steel and Real Estate sector financed emissions reduction targets in the near future.

For the purposes of controlling risks in carbon-related sectors, MHFG has developed a system to identify and monitor high-risk areas through evaluation of clients' sectors and their respective transition strategies as well as responses to transition risks. To this end, the recently established Basic Policy on Climate-related Risk Management ensures an effective management system based on the distinct characteristics of climate-related risks.

The Group adopts a proportionate approach to climate-related risks, in line with our business model and the scale and complexity of our activities. Risk management practices have been enhanced further over the course of FY 23/24 – in keeping with evolving market practice, growing sophistication of climate- and carbon-related methodologies, and better ESG data availability.

A qualitative ESG risk materiality assessment was carried out by the Group in FY 23/24, as part of the Mizuho EMEA ESG risk materiality assessment, covering climate change as part of the full spectrum of ESG risks. This marks an evolution of the Group's approach to identifying, assessing, and managing ESG risks. Environmental risks – specifically, transition climate risks – emerged as the most material for the Group's business, in particular impacting reputational, operational and credit risk. The Group pays attention to the identification, assessment and management of each of these through the development of sustainable finance governance processes, third party vendor assessments, and ongoing monitoring of climate-related exposures.

Emanating from the medium-term MHFG sustainable finance and financed emissions-related commitments and targets, there are local annual targets in place for sustainability-related opportunities (which include climate-related opportunities, such as in the renewable energy sector). Climate-related risk exposures are subject to monitoring and remain low in the context of the Group's portfolio (please refer to the Risk Review Section for more detail), with development of climate-related risk targets in progress. The Group also has targets in place associated with sustainability upskilling and capability building, regarded as important enablers of change.

5.4. Our People & Culture

The success and reputation of the Group 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. This is supported by the Group's values of integrity, passion, agility, creativity and empathy, which are embedded in the performance evaluation and reward structure.

Our People strategy is delivered through a number of key levers: talent attraction and assessment, learning and development, a reward strategy incentivising the delivery of our growth strategy and meeting changing regulations, and a culture of inclusivity, diversity and equity. In line with MHFG's corporate philosophy, we aim to operate responsibly and transparently whilst enabling our people to flourish.

The Group defines its culture based on the core value from Mizuho Financial Group as “be a catalyst for change” and the following arrangements and initiatives support this culture.

5.4.1. Top - Down Approach

Senior commitment to Inclusion & Diversity

The Board and Executive Committee remain fully committed to the Group’s inclusion and diversity agenda and receive regular updates on our progress including in relation to gender. Executive Committee members continue to have objectives set by the Board which hold them accountable for achievements towards internal targets. Our head office in Tokyo also has its own targets in relation to gender balance and their commitment is demonstrated by their inclusion in the 2023 Bloomberg Financial Services Gender–Equality Index for the seventh year running.

Women in Finance Charter

We are proud of our status as one of the founding signatories of the Women in Finance Charter which was formed in 2016. We remain committed to increasing the number of senior management roles being held by women and we have a number of initiatives to attract, support and retain female as well as other minority groups. We continue to focus on reaching a gender ratio of 33% senior females in the Group and have various strategies in place to support this target.

5.4.2. Talent Attraction

One of our key focuses is strengthening our junior talent pipeline. FY 23/24 saw us hire a record number of interns to start with the Group in the summer of 2024. We are looking forward to welcoming 55 interns to offices across the EMEA region later this year.

5.4.3. Development, Support and Retention – Creating a supportive and inclusive workplace

We are making great strides in embedding a culture of equity and inclusiveness and recognise the role this has to play in achieving a truly inclusive and diverse culture. Focusing on Diversity, Equity & Inclusion is not an end goal, but a means to a more inclusive, more just and more effective workplace. We recognise our people want to work in an environment where their ideas and voices are heard. The following initiatives illustrate how we seek to deliver a meaningful commitment on this agenda:

Employee Networks

Our Inclusion Network is comprised of five EMEA wide networks of Cultural Diversity, Family, Future Leaders, Gender and Pride. Collaboration across the networks allows us to take an intersectional approach to inclusion to drive real culture change. Our Inclusion Network supports our employees to create connections across the business, highlighting role models and establishing a culture where all our employees feel able to bring their authentic selves to work. These employee resource groups play a central role in informing our policy and ensuring the needs of our people are better understood. The networks continue to play a vital link in creating and maintaining connections across the organisation in the post-pandemic hybrid working environment. We are delighted to have their hard work, vision and commitment recognised by Radius who awarded Mizuho a certificate in appreciation of this.

Flexible Working

We continue to further embed our supportive and inclusive workplace culture which is supplemented by a range of competitive family-friendly policies and the promotion of flexible working. We support hybrid working practices with elements of homeworking as standard, along with the option of utilising our core hours policy. This policy allows employees flexibility in how they manage their working hours. 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.

Menopause

We have continued our focus and commitment to supporting our staff who are impacted by the menopause. Our company frameworks include menopause as a way of life, and the provision of bespoke support for our employees and their partners around menopause. This focus supports all our employees to have fulfilling roles at every stage of their careers and aims to ensure we retain our key talent.



My Family Care

We are pleased to continue partnering with My Family Care to offer a range of benefits to our employees including six free sessions of emergency back-up care for children, adults or the elderly. By providing this support to all employees, we enable them to better balance work and family life and remove some of the pressures associated with modern life.

Talent Development and Mentoring

We encourage career growth and development at Mizuho. To support our talent pipelining activities, we run a number of leadership development courses. One of our flagship programmes is called “Elevate” and is aimed at women in middle management roles across the EMEA region. It is aimed at women who are looking to develop their skills, enhance their internal profiles and work on specific development goals, with the aim of supporting their career ambitions. Nurturing our female talent through programmes such as this ensures we are building a strong pipeline of women into senior management roles. This in turn means we have role models for the next generation.

Internal Mobility

We believe that internal mobility facilitates personal growth and career development by enabling employees to acquire new skills, take on diverse challenges, and progress within their chosen career paths, leading to a more fulfilling and dynamic professional journey. To support our internal mobility, we host two Career Development roadshows a year, sharing information about current internal vacancies. Additionally, we also offer a Temporary Secondment programme which enables our people to spend time with a different department of their choosing to broaden their skill sets and business exposure.

Wellbeing

The wellbeing of our employees remains our number one priority and our comprehensive wellbeing programme has enabled us to support our employees through continued turbulent times. We continue to run mental health awareness sessions in partnership with specialist provider Mental Health at Work for all employees and we also provide a Mental Health Allies programme of professionally trained employees as part of our initiatives to embed a supportive and inclusive culture.

5.4.4. Social Contribution Initiatives

Charity Partnership

The Group extends its commitment to equality, inclusion and diversity to the communities in which it operates, through its social contribution initiatives, including, amongst others, working with an employee elected One Mizuho charity partner. As of April 2023, we have started partnering with a charity organisation called Little Village, a charity that was formed in 2016. They provide much needed support to families with babies and children under the age of five by providing essential items. One third of all children under the age of 5 in the UK are living in poverty. The dedication and hard work of Little Village is fuelled by the belief that every child deserves a good childhood, and the desire all parents have to give their children the best possible start in life. Unfortunately, with the current cost of living crisis there is an ever-growing demand for their help and support. The Group is committed to developing a partnership with Little Village which involves multiple touchpoints and engagement, including but not restricted to: Volunteering, Fundraising, Office-based donation drives, Mizuho business expertise support, Event space, Networking, and Communications.

Socio-Economic Diversity data

Following on from our participation in a UK Government taskforce to boost socio-economic diversity, we continue to show our deep commitment to ensuring that we uphold our core values. This means we continuously strive to create an inclusive work environment and culture designed to fully support our people. Through our membership with the industry group ‘Progress Together’ we continue to collect data to help us understand the levels of social mobility across the Group and use this knowledge to inform and develop our Diversity, Equity and Inclusion strategy.

Race at Work Charter

We continue to be signatories of the Race at Work Charter. The Group remains fully committed to the journey of building a more representative workforce which embeds a culture of inclusiveness.

5.5. Modern Slavery and Procurement

The Group has a zero-tolerance approach to slavery and human trafficking and is committed to acting ethically and with integrity in all its business dealings and relationships. The Group has an Anti-Slavery and Modern Slavery Policy to which all employees must adhere.

The Group invests in learning and development for all of its employees, including contractors, to ensure adherence to the Modern Slavery Policy. The Group conducts due diligence in relation to suppliers to ascertain that appropriate responses have been received from all of its suppliers to related questionnaires sent to them by the Group.

The procurement of all goods and services is assessed for ESG Risks within Mizuho. The pillars that are assessed include:

- Environment
- Labour & Human Rights
- Ethics
- Sustainability

Modern Slavery due diligence is covered and prioritised within both labour and human rights and supplier social practices within sustainability. The Group uses a third party provider to carry out risk assessments and risk review of our suppliers as well as ongoing monitoring via ‘360 degree live news feeds’. Supplier scorecards, thresholds and improvement areas are prioritised with suppliers via our third party management forum.

We have increased our monitoring of suppliers for ESG risk and use a ‘Best in Class’ utility risk platform and analyst service to drive excellence throughout our supply chain.

5.6. Financial Crime

5.6.1. Anti-Corruption and Anti-bribery

The Group 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. The Group has an Anti-Bribery Policy, which sets out the policy and key controls implemented by 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.

5.6.2. Anti-money laundering and counter-terrorist financing

The Group’s Anti-Money Laundering (“AML”) Policy is designed to ensure that the Group complies with the requirements and obligations set out in UK, 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 the Group may be used to facilitate financial crime.

The AML Policy sets out the minimum standards which must be complied with across the Group, including with regard to governance, training, risk assessment, customer due diligence, monitoring and screening, reporting and record keeping.

Section 172 Statement

The Board and its Directors recognise that the long-term success of our business is dependent on the way it interacts with its stakeholders. The below table sets out how key stakeholders’ considerations are addressed by the Group.

	Who are our stakeholders?	Why do we focus on these stakeholders?	How do we engage with them?
Our Clients	Our clients are Corporate, Financial Institutions and Institutional Investors across Japan and EMEA who come to us for our expertise, financial products and solutions.	Our clients are at the centre of everything we do and are essential to the success of our business. We would not be able to continue to operate without them.	We engage with our clients in a variety of ways, focusing on existing and new relationships for the larger Mizuho network globally. We have a dedicated sales team and relationship managers for this purpose and supplement this coverage with investor roadshows and conferences held globally.
	See Section 1.1 – Business Lines & Clients		
Our People	Through integrity, commitment and hard work, our people provide our clients with the best possible products and solutions that meet their needs. Our people are our brand ambassadors.	Our people are our most valuable asset. They are essential to our success. It is crucial for us to protect and develop our people through a collaborative working culture that supports personal growth.	We have an established approach to engaging with our people and gaining their perspectives through global employee engagement surveys. These results help to inform some of our decision-making and benchmark our leaders and are shared at Executive Committee and Board level. Our leaders regularly share information on strategy, performance and the outlook of our business through town halls and webinars held in person and with the option to attend remotely. These help us to cultivate a two-way, transparent dialogue between management and our people, whereby they feel empowered to put forward ideas and suggestions. We also use digital channels of communication such as emails and intranet announcements. We have an active suite of inclusion networks which support a culture that embraces diversity in all its forms. See Section 5.4 Our People & Culture
Our Suppliers	Third parties who supply us with goods and services as well as financial intermediaries, contractors and consultants.	MHI’s third party strategy is determined by the Board in light of the Group’s overall business strategy and objectives. We focus on fostering a relationship built on trust and transparency with our suppliers which is mutually beneficial.	We have a Third Party Risk Management Policy and a Procurement Policy which ensures appropriate engagement, governance and control through the life cycle of the relationship. These policies also include a focus on societal impact to ensure we are engaging with suppliers who share our principles.

What do they tell us?	How do we respond?
We receive feedback from our clients in the form of league table results and through our engagement with industry research and surveys to uphold our strategy for data-driven and market-led decision making. Our clients value our leading Japanese expertise and seek more value-added solutions and products to meet their evolving demands.	We respond to our clients by adjusting the strategy towards more diversification of products and a wider solutions offering to meet their needs. We are now more integrated with Mizuho Bank under a CIB model allowing us to provide integrated coverage and an increased product offering to our clients in a more seamless and aligned manner. See Section 3 – Strategic Priorities
A recent engagement survey reported employees’ pride for Mizuho’s strong brand reputation and market presence within the industry. Colleagues noted appreciation for job stability and longevity in the market as well as competitive employee benefits. Employees believe that work processes could be improved in order to enhance productivity and they would prefer to continue with a flexible hybrid working model to support the work-life balance and to efficiently manage workloads.	Survey themes, comments and metrics are reviewed in detail at an Executive Committee level, and where possible, improvements are implemented. As the CIB business model evolves, particularly in regards to the integration of the governance model across the entities in London, employee survey feedback is incorporated into the decision-making. Our Board also takes an active interest in our people in terms of their engagement, wellbeing and development. Board members regularly attend employee town hall events and receive staff updates through regular formal HR briefings. Our Board uses this feedback to inform decision-making.
Our suppliers continue to engage with us and keep an ongoing dialogue to develop partnerships further.	We continue our dialogue with suppliers in accordance with the Group’s Third Party Risk Management Policy. The dialogue is ongoing in order to continually monitor that the business and ethical standards of suppliers align with our own.

	Who are our stakeholders?	Why do we focus on these stakeholders?	How do we engage with them?
Our Communities and the Environment	Our communities are defined as the local and global societies in which we operate.	A long-term / sustainable business model requires us to recognise the many global challenges facing individuals, our communities, our environment and to support our clients on their transition towards a low-carbon future.	<p>Locally, we interact with the City of London and have registered for workers votes in the City to make contributions to the decision making in our local community. We are also a member of ‘Progress Together’, focused on the journey to improve socio-economic diversity at senior levels in UK financial and professional services.</p> <p>We work with local not-for-profit organisations and charity partners to make a difference to local communities, through skills-based and hands-on activities, and continue to seek to raise their profile in the Square Mile through local events.</p> <p>On a larger scale, we are committed to supporting our clients’ transition towards a low-carbon economy, and engage with clients on this topic across business lines.</p> <p>See Section 5. Environmental, Social & Governance (“ESG”) Update</p>
	Our sole shareholder is the parent, MHSC.	We need to deliver a long-term sustainable business model that delivers shareholder value.	<p>Our shareholder is engaged through representation at our Board and the wider governance structure as well as regular informal and formal communication with counterparts at MHSC.</p> <p>See Directors’ Report Section 5 – Corporate Governance</p>
	The UK, EMEA and Japanese regulatory authorities.	We need to deliver a long-term sustainable business model that is compliant with current regulations and contributes successfully to the UK and European financial systems. We need to ensure that we are able to operate in a safe and sound manner, and with full regard to the protection of investors and the integrity of the markets we operate in, whilst continuing to provide a wide range of financial services.	<p>There is an open and transparent dialogue with the regulators ensuring we meet all prudential and conduct based regulatory standards.</p> <p>The Head of Legal & Compliance attends Board Meetings to ensure that Board decisions recognise the regulatory impact and environment.</p>

What do they tell us?	How do we respond?
<p>Our communities in the Square Mile and across London need the support and strength from large organisations such as ours.</p> <p>ESG investing has extended deeper into the market and industries are in the process of being reconfigured in response to the shift in consumer behaviour and government policy.</p>	<p>We recognise the challenges facing our communities and our clients, and we continue to establish and enhance a responsible framework in response. This includes the appointment of a Senior Management Function for Sustainability.</p> <p>Our work with Charity partners and work conducted through the Charity Committee (part of our governance framework) gives financial and time commitment to our community.</p> <p>See Section 5. Environmental, Social & Governance (“ESG”) Update</p>
<p>Our shareholder recognises the strength of our infrastructure and governance structure and demonstrates this through their ongoing support and constructive dialogue.</p> <p>Our shareholder would like to see continued focus on delivering a sustainable business model through the integration with Mizuho Bank, London branch. They would like to see progress in the delivery of the CIB model in the region.</p>	<p>Our Board focuses on delivering a sustainable business model with a strategy that is underpinned by client feedback and maximises the strength of Mizuho Financial Group. Our Board has representation from Mizuho Bank, London branch to ensure the importance of the integration strategy and CIB model is understood and reported on from the perspective of both entities.</p> <p>Our Board-approved governance and limit structure ensures growth is commensurate and well monitored by the three lines of defence.</p> <p>See Section 2.1 – Business Strategy See Section 3 – Strategic Priorities</p>
<p>Our regulators recognise the strength of our infrastructure and governance structure and demonstrate this through their ongoing support and constructive dialogue.</p> <p>Our regulators would like to see continued focus on delivering a sustainable business model and maintaining operational resilience.</p>	<p>We continue to invest in strengthening our three lines of defence to respond to the ongoing focus on governance and regulatory compliance across the industry.</p> <p>Our Board focuses on delivering a sustainable business model with a strategy that is underpinned by client feedback and maximises the strength of MHFG. Through the Board Risk Committee in particular, there is continued focus on stress testing, resilience and resolution planning.</p>

6. Outlook for the coming Financial Year

The market backdrop is likely to remain volatile amid looming elections in multiple jurisdictions and their impact on the overall fiscal, regulatory and geopolitical landscape. The ongoing challenge related to future path of monetary policy will persist, as will the focus on developing operational resilience, financial resilience and strengthened climate risk management.

During the coming year, progress will continue on the establishment of the Universal Bank in the EU, and the Group's subsidiary in Frankfurt MHEU will in due course merge into MBE. This is expected to reduce regulatory and operational complexity for MHFG in the region and contribute to the overall repositioning of EMEA in line with the CIB model.

Effective 1 April 2024, approximately 900 employees from the Group and Mizuho Bank, London Branch, transferred to MECS, a newly established subsidiary of the Group. This newly formed single entity for all of the London based corporate functions will provide a more unified service offering to the Securities and Banking businesses.

Additionally, on 1 April 2024, and as part of our continued efforts to provide a seamless and unified client service in EMEA, 130 Banking (Front Office) employees transferred from Mizuho Bank, London and Dubai Branches to the Group. These transfers will facilitate increased collaboration and cross-selling opportunities, under the CIB strategy.

The establishment of MECS, the establishment of a Universal Bank in the EU and the transfer of Banking colleagues are all part of the broader strategy to create a more entity-agnostic structure that can serve clients in a unified manner, reinforcing shared goals, governance and incentives across EMEA.

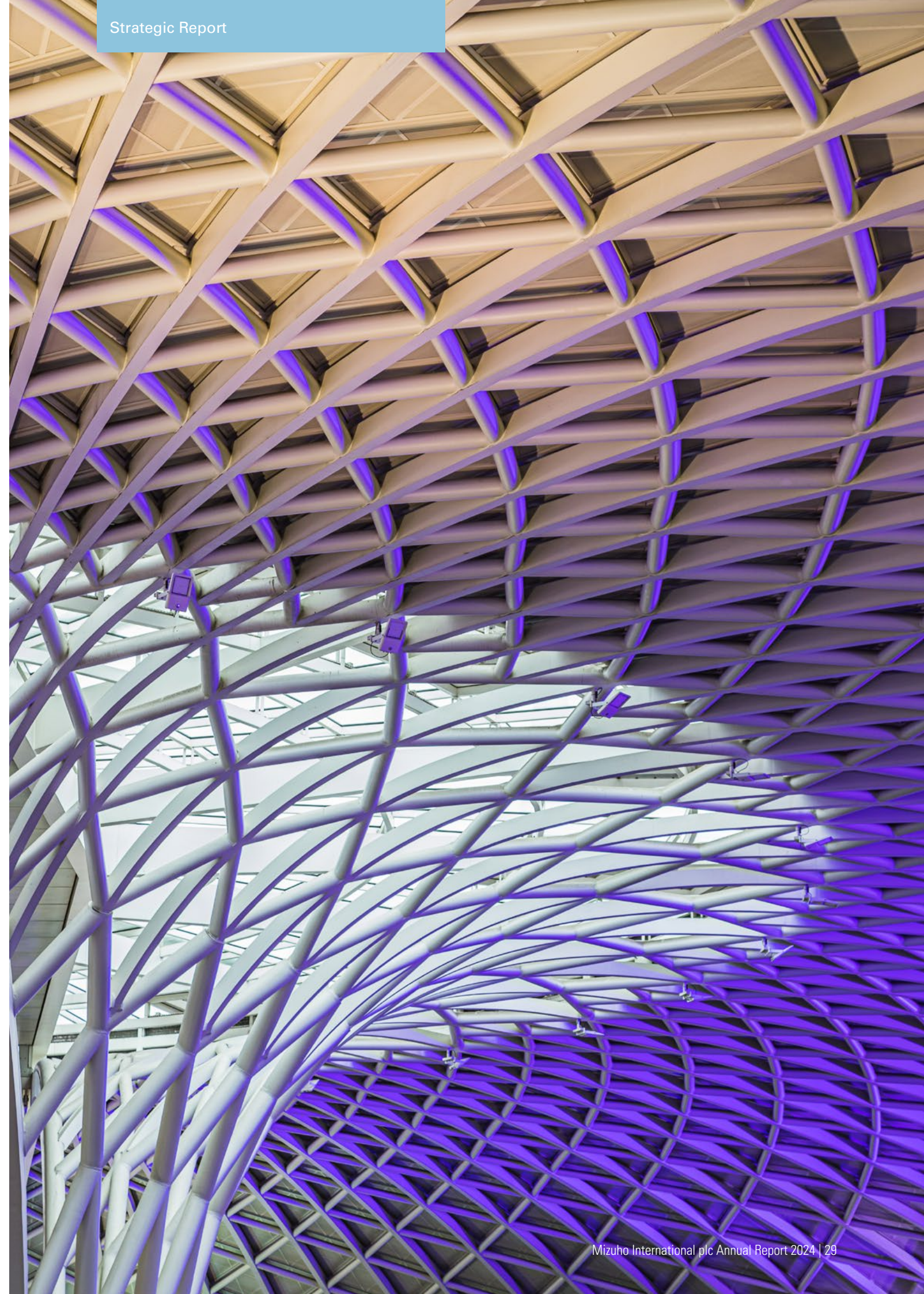
The focus on sustainability initiatives and ESG will continue in relation to the Group's client offering, the Group's operational footprint and engagement with employees and other stakeholders. As the world transitions to a low-carbon economy, financial institutions including the Group face significant developments in stakeholder expectations and regulation, which could have a material impact on their business activities. Not only is sustainability embedded in the Group's strategic planning, risk management and business priorities, but it also features centrally within MHFG's new Corporate Philosophy and Purpose announced during the year.

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

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

By Order of the Board

Sara Fox
Company Secretary
28 June 2024



Directors' Report

The Directors who serve on the Company's board at the date of this report (the "Directors") present this report on the affairs of the Group, together with the financial statements for the year ended 31 March 2024.

1. Principal Activities

The Group provides investment banking and securities market services to clients of the group of companies headed by Mizuho Financial Group.

The Group has permissions from the PRA for deposit taking and other activities relating to its investment businesses pursuant to the provisions of the Financial Services and Markets Act 2000, and operates under the rules of the PRA and the FCA. The subsidiary MHEU in Frankfurt has branches in Madrid and Paris, and in addition the Company has a branch in Dubai.

2. Results and Dividends

The Group recorded a profit of £13.5 million for the year ended 31 March 2024 (2023: loss £4.5 million). The Directors do not recommend the payment of a dividend in respect of the current financial year (2023: £nil).

3. Going Concern

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

The Directors' assessment of the Group's ability to continue as a going concern is based upon an assessment of the Group's business plans, together with related forecasts in respect of the Group's capital adequacy and liquidity positions, and the underlying principal risks and stresses to those forecast positions. Consideration has been given to the inherent uncertainties arising from the current geo-political environment and ongoing conflicts including Russia-Ukraine and Israel-Hamas, as well as the uncertain global macro-economic outlook. Further information on the Directors' assessment can be found in Note 1 to the financial statements.

4. Directors

The following served as Directors of the Company during the year ended 31 March 2024:

Executive Directors	Mr S. Bakhshi
	Mr T. Ino (resigned on 16 May 2024)
	Mr R. Tallentire (resigned on 24 May 2024)
Non-Executive Directors	Ms M. Erasmus (Chair and Independent Non-Executive Director)
	Mr D. Atkinson (Independent Non-Executive Director)
	Mr G. Bennett (Independent Non-Executive Director)
	Mr T. Waddell (Independent Non-Executive Director) (appointed on 1 January 2024)
	Mr D. Weymouth (Independent Non-Executive Director) (resigned on 31 March 2024)
	Mr F. Suzuki (Non-Executive Director) (appointed on 1 April 2023)
	Mr N. Takahashi (Non-Executive Director) (resigned on 31 March 2024)
	Mr Y. Wakabayashi (Non-Executive Director)

Since 31 March 2024, the following appointments to the Board have been made:

Executive Directors	Mr Y. Imafuku (appointed on 16 May 2024)
Non-Executive Directors	Mr Y. Nanjo (appointed on 1 April 2024)

There are no Directors' interests requiring disclosure under the Companies Act 2006. The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

5. Corporate Governance

The Group's equity shares are not listed, as the Company is directly owned by MHSC, although the Group has issued debt which is listed on the Euro MTF market on the Luxembourg Exchange. The UK Corporate Governance Code applies to companies with a UK premium listing of equity shares and thus there is no mandatory requirement for the Group to comply with the Code. However, the Directors consider that Corporate Governance is an important matter and they have adopted a number of procedures as set out below:

Board of Directors

- The Company's Board of Directors ("the Board") meets at least four times each year and more frequently where business needs require (in practice at least six times a year).
- As of 31 March 2024, the Board consisted of three Executive Directors, and six Non-Executive Directors (including an Independent Chairman and three other Independent Non-Executive Directors and two Non-Executive Directors).

- In order to facilitate the effective conduct of business across the Group, the Board delegates certain matters to five committees, which comprise an Audit and Compliance Committee, a Board Risk Committee, a Crisis Management Committee, a Nomination Committee and a Remuneration Committee. Whilst the Board ultimately remains responsible for all delegated matters, the affairs of those committees are organised to encompass the conduct of the Group's business. The responsibilities and constitution of those committees, referred to in the singular below, are as follows:

Audit & Compliance Committee

The Audit and Compliance Committee is responsible for the review and monitoring of internal control functions, financial reporting, audit effectiveness and regulatory compliance. The committee meets on a quarterly basis and more frequently if required. It is chaired by Mr G. Bennett and its members are the other Independent Non-Executive Directors. The chair of the Committee is expressly entitled to invite other Board members, the external auditors, the Head of Internal Audit, Head of Legal and Compliance, the Chief Financial Officer and the Chief Risk Officer and also any other members of management to attend the Committee's meetings.

Board Risk Committee

The Board Risk Committee is responsible for reviewing the Group's risk appetite, risk profile, performance against risk appetite, risk management framework and risk culture. In addition, the Board Risk Committee also reviews the Group's environmental and climate risk reporting and provides oversight and challenge on the day-to-day management of climate risk and climate change stress testing. The Board Risk Committee meets not less than six times a year but may meet more often as deemed necessary. It is chaired by Mr D. Atkinson, and its members are the other Independent Non-Executive Directors. It is attended by members of management invited by the Chair.

Crisis Management Committee

The Crisis Management Committee is responsible for managing a crisis or other situation impacting the Group, including the breach of an operating stage trigger as set out in the Group's Recovery Plan. The committee does not meet under normal operating conditions but may be convened according to circumstances described in the terms of reference. The members of the Committee will comprise its Chair (determined by the Chair of the Board in the first instance), the CEO, the CRO, the CFO, the Deputy President, the Chair of the Board, the Independent non-Executive Directors and members of management as invited by the Chair.

Nomination Committee

The Nomination Committee is responsible for the selection and recommendation of new members to the Board and the evaluation of the performance of the Board. The committee meets as often as necessary to fulfil its responsibilities but not less than twice a year. The Chair of the Nomination Committee is Ms M. Erasmus and the other members of the committee are the three other Independent Non-Executive Directors. The meetings are also attended by the Company Secretary, and by invitation only, the Head of Human Resources and the Head of Legal and Compliance. External advisors and other individuals who are not members of the Committee may also be invited at the discretion of the Chair.

The Remuneration Committee

The Remuneration Committee is responsible for approving the Group's remuneration policy for its employees generally and specific remuneration at or above certain senior levels including identified Material Risk Takers ("MRTs"). The Remuneration Committee meets at least four times a year with additional meetings as necessary. It is chaired by Mr D. Weymouth (Mr T. Waddell from 1 April 2024) and the rest of its membership comprises the Chair of the Board and the two other Independent Non-Executive Directors; meetings are also attended by the Head of Human Resources. The Chair of the Committee is also entitled to invite any other staff members or external advisers to attend the Committee's meetings.

Key: Chief Executive Officer (CEO) | Chief Financial Officer (CFO) | Chief Operations Officer (COO) | Chief Risk Officer (CRO)

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

The Group, through its Board, delegates responsibility for the day to day running of the business of the Group to the CEO. The CEO in turn delegates powers for certain matters to executive management, including the CFO and the CRO. The CEO is assisted by the Executive Committee, the membership of which comprises the heads of the Front office business areas and the heads of significant corporate functions. The Executive Committee's role is to act as a consultative body to the CEO, who therefore has the decision making responsibilities in relation to all matters, save in relation to charity and new product matters, where the Executive Committee's members are entitled to vote.

Following the acceleration of the CIB model in EMEA, the region's executive level governance model was aligned during the year, in order to support unified, regional decision making. A new EMEA Executive Committee was established, with representation from both the Group and MHBK, London branch. A number of sub-committees were newly established or integrated. These committees all operate concurrently as both the Group level committee and the EMEA wide committee; respecting entity level governance by focussing on entity specific matters where necessary.

The CEO has empowered the Executive Committee to delegate responsibility to twelve sub-committees as follows:

- CIB Operating Committee;
- CIB Primary and Secondary Front Office Supervision Committee;
- EMEA Risk Management Committee;
- EMEA New Product Committee;
- EMEA Audit and Compliance Committee;
- EMEA Operational Resilience Committee;
- EMEA Health and Safety Committee (London);
- EMEA Corporate Services Committee;
- MHI Underwriting and Reputational Risk Committee;

- MHI Assets and Liability Committee;
- MHI Change and Implementation Committee; and
- MHI Valuation Control Committee.

Those sub-committees, apart from the EMEA New Product Committee and EMEA Risk Management Committee (for certain matters), act as consultative bodies to their respective Chairs, who have the sole decision making powers in relation to matters covered by those sub-committees. The members of the EMEA New Product Committee and EMEA Risk Management Committee (for certain matters), on the other hand, have the right to vote on the matters covered by those sub-committees respectively.

6. Performance Measurement and Management

The Group and its business streams are managed in accordance with a variety of measures, which are reported on a regular basis to the Executive Committee. The primary measures that are used to monitor and manage performance within the Group include profit before taxation, capital utilisation, VaR utilisation and stress test exposures (these are disclosed within the financial statements and in the Risk Review section).

6.1. Remuneration

The Group has adopted a Remuneration Policy that complies with the Remuneration section of the PRA's Rulebook and the FCA's Remuneration Code for dual-regulated firms. The policy aims to promote effective risk management and provide competitive remuneration structures which are aligned to Group's business strategy. When determining the size of the overall bonus pool, the need to maintain and/or strengthen a sound capital base is taken into account. Individual awards are discretionary and contingent upon a sustainable risk adjusted performance. Bonus awards of the population identified as Material Risk Takers ("MRTs") are subject to deferral arrangements in line with regulatory requirements (i.e. deferral periods of four, 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 policy. Bonus awards are subject to malus adjustment (including forfeiture) and deferred awards will vest only to the extent determined by the Remuneration Committee in its sole discretion, having regard to matters set out in the policy. At least 50% of any variable remuneration awarded to MRTs (unless deemed de minimis) will be allocated in the form of Mizuho Financial Group 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 Group also may 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).

6.2. Employment Policies

As set out in our Equality, Inclusion and Diversity Policy, the Group is committed to an inclusive culture and equity of opportunity for all. The Group opposes all forms of discrimination including on the grounds of age, disability, gender (including gender reassignment), marriage and civil partnership, pregnancy and maternity, race, religion or belief and sexual orientation. Pursuant to the policy, workers, whether full time, part time or temporary, are to be treated fairly, equally and with respect. The Equality and Diversity Policy applies to all aspects of employment, including recruitment and selection, appraisal, learning and development, promotion, pay and conditions.

The Group values and respects the differences between all our people. By promoting and ensuring an inclusive environment, the Group 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. More details on our inclusive culture can be found in section 5.4. Our People and Culture of the Strategic Report.

The Group 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. All employees are supported and encouraged to develop their full potential and the talents and resources of our workforce are utilised to maximise the efficiency of the organisation. More details can be found in section 5.4.3 Development, Support and Retention of the Strategic Report under Talent Development and Mentoring.

The Group extends its commitment to diversity, equity and inclusion to the communities in which it operates, through its Corporate Social Responsibility initiatives, including, amongst others, working with our employee elected One Mizuho charity partner which in the current financial year is Little Village (see section 5.4.4. Social Contribution Initiatives of the Strategic Report).

All employees are made aware of the provisions of the Group's policy through regular awareness sessions and full details of the policy are available on the Group's intranet site. Employees have a positive responsibility to comply with this policy and ensure that its terms are put into effect.

The Group values employee engagement and prides itself on regularly communicating with employees on matters affecting them and on the various factors affecting the performance of the Group. This is achieved through regular town halls, email communications, updates via dedicated intranet pages, quarterly employee surveys and through the Directors' Report and Financial Statements which are made available to all employees.

7. Financial Instruments

The Group uses financial instruments for trading and risk management purposes, as outlined in Accounting Policy 3C in the Notes to Financial Statements. Further information about the Group's risk management objectives and policies, and its exposure to various risks, can be found in the Risk Review section.

8. Own Operational Footprint

The Group is committed to managing its operational environmental footprint and to reducing its associated greenhouse gas (“GHG”) emissions.

8.1. Introduction

The Group has established key environmental performance objectives which are tracked through metrics against targets. These targets focus on reducing the Group’s most significant operational environmental impacts being Scope 1 and Scope 2 GHG emissions derived from its energy consumption along with some Scope 3 GHG emissions derived from its business travel and waste production. The Group has strengthened supply chain governance and has adopted an enhanced risk-based approach to improving third party environmental performance. Post pandemic, the Group recognises the shift in attitudes away from traditional work settings and has been rolling out a flexible and sustainable workplace strategy that will incorporate environmental benefits through longer-term reductions in energy, water, waste, business travel and staff commuting.

Streamlined Energy and Carbon Reporting (“SECR”) is a Government scheme requiring companies to disclose their energy usage and associated carbon emissions.

The Group has assessed greenhouse gas emissions using the ‘GHG Reporting Protocol – A Corporate Accounting and Reporting Standard’ and in accordance with Defra’s ‘Environmental Reporting guidelines: including SECR requirements’.

For this purpose, the operations of the Company rather than the Group are reported on, as MHEU being a foreign subsidiary incorporated outside the UK, is not in-scope for SECR reporting.

The reporting scope includes the following energy sources:

- Electricity used for the Company operations at the occupied buildings and data centres in the UK (scope 2, see row 1 in table opposite).
- Gas used to heat the Company operations at the occupied buildings in the UK and generator fuel (scope 1, see row 2 in table opposite).
- Transport fuel used for the Company UK operations under the Company’s operational control (scope 1 and 3, see row 3 and 4 in table opposite).

The scope currently excludes energy use at BCP sites. Energy use at these sites are not the direct responsibility of any entity within the Group, and are generally minimal.

8.2. Streamlined Energy and Carbon Reporting (“SECR”) Metrics

For FY 23/24 reporting period absolute operational energy use in kWh was 13% less than in the previous reporting year. Over the same period there was an 14% decrease in relative energy use on a kWh per employee basis.

The notable year-on-year changes to overall consumption are:

- Electricity usage decreased by 9% on the previous year
- Natural Gas and Generator Fuel usage decreased by 27% on the previous year.
- Scope 3 Employee-owned vehicle travel activity in kWh increased by 60% against the previous year.

8.3. ISO 14001 Certification

ISO 14001 is an internationally agreed-upon standard that sets out the requirements for an environmental management system. Its goal is to help organisations continuously improve their environmental performance through efficient use and waste reduction and to assure stakeholders that environmental impacts are being measured and improved.

The Company successfully achieved the ISO 14001 certification for its operational functions at its London office in March 2021. We plan to undergo recertification in FY 24/25 to ensure that our processes continue to meet the highest standards.

A periodic environmental compliance evaluation was conducted in January 2024 at 30 Old Bailey, London, to benchmark the findings against industry best practices and current statutory requirements. The review was conducted by an external consultant. It consisted of a visual inspection of the building, interviews with appropriate personnel, and assessing documents and records to demonstrate compliance with applicable environmental compliance obligations. A good level of compliance was observed.

Company GHG emissions and energy use data for the financial year:

	2024 Energy (kWh)	2024 Emissions (tCO ₂ e)	2023 Energy (kWh)	2023 Emissions (tCO ₂ e)
Electricity ¹	3,472,473	719.1	3,838,998	742.4
Gas, generator fuel and refrigerant fugitive emissions ²	763,403	177.4	1,052,025	192.5
Transport fuel (scope 1) ³ owned or leased vehicles	-	-	3,462	0.9
Transport fuel (scope 3) ⁴ business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel	9,924	3.2	6,212	1.5
Total	4,245,800	899.7	4,900,697	937.3
Intensity ratio: tCO ₂ e gross figure based from mandatory fields above / Average FTE ⁵	8,358	1.77	9,762	1.87

Additional voluntary information:

	2024 Emissions (tCO ₂ e)	2023 Emissions (tCO ₂ e)
Carbon offsets ⁶	(335.0)	(401.7)
Total (Net of Carbon offsets)	564.7	535.6

Explanatory notes

1. Electricity used for Company operations at the occupied buildings in the UK and data centres.
2. Gas used for heating and fugitive refrigerant emissions.
3. Fuel and electricity used for operating one company owned hybrid car.
4. Fuel used for operating employee vehicles driven for business use.
5. Full time employees.
6. Over the reporting period, electricity at 30 Old Bailey was procured through a renewable REGO contract. The carbon savings from this have been presented in the voluntary information section.

Further explanatory notes

- All carbon emissions factors are taken from ‘UK Government GHG Conversion Factors for Company Reporting’ issued by Defra and BEIS
- The reporting scope covers energy used over reporting period from 1 April 2023 to 31 March 2024, in line with the financial year.
- Energy consumption collated from meter reads, expenses records, energy invoices and estimates. Estimates used where the most recent month data is not yet available or because detailed measurement is not yet possible.
- Year on year differences in energy usage do not always directly correspond to an equivalent change in associated emissions. This is due to annual changes in the carbon intensity of emissions factors that are used to calculate carbon emissions. For example the Defra 2023 electricity grid emissions factor is 7% more carbon intensive than the Defra 2022 factor

8.4. The Energy Savings Opportunity Scheme (“ESOS”)

ESOS is a mandatory energy assessment scheme, introduced in 2014, for organisations in the UK that meet relevant qualification criteria. An ESOS energy audit is undertaken every 4 years and includes an analysis of a site’s energy consumption and energy efficiency. It also identifies ways to improve energy efficiency and recommends energy-saving opportunities.

In July 2022, the government announced key changes to ESOS phase 3 in a bid to engage more companies in the scheme, deliver clearer guidance for requirements, and enforce and elevate higher standards for energy data reporting. ESOS reports now need to outline the next steps for implementing recommendations via an action plan following the phase 3 compliance deadline. Targets and action plans will then be reported on during Phase 4.

During the energy performance review, recommendations were presented to improve the energy efficiency at 30 Old Bailey. These include:

- Upgrade of the energy metering system;
- Launching of an energy awareness campaign;
- Upgrading of Main Equipment Room / Satellite Equipment Room lighting;
- Implementation of a Building Management System Planned Preventive Maintenance energy routine pilot programme;
- Installation of cold aisle containment to improve cooling efficiency.

These recommendations are currently being analysed further from a cost vs. benefits perspective and to ensure that they align with the Group's sustainability objectives.

9. External Audit Tender

During the year, a tender of the external audit engagement was carried out to appoint new external auditors for the Group for the year commencing from 1 April 2025 onwards. This was on account of the current auditors, Ernst & Young LLP, completing the maximum tenure allowed under the Companies Act as of year ending 31 March 2025 and not being eligible to be reappointed as external auditors in accordance with the minimum statutory restrictions under the Companies Act. A key objective was to run a competitive audit tender process that was both fair and transparent. Following consideration of responses received and presentations to management and the EMEA Audit and Compliance Committee by the responding firms, the Committee recommended to the Board of Directors the appointment of Mazars LLP as external auditors for MHI Group for the year ended 31 March 2026. This was duly approved by the Board.

10. Future Developments

The future developments of the Group are discussed in the Strategic Report.

11. Events since the balance sheet date

Please refer to Note 34 (Post Balance Sheet Events) for further details.

12. Disclosure of Information to Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

13. Independent Auditors

Ernst & Young LLP were reappointed as auditors of the Group during the financial year ended 31 March 2024. Save for completing the maximum tenure allowed under the Companies Act, Ernst & Young LLP have expressed their willingness to continue in office and a resolution re-appointing them as Auditors of the Group and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Sara Fox
Company Secretary
28 June 2024



1. Risk Management Framework

Risk culture and principles

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

The Risk Management function monitors and works closely with the Front Office. This is central to the Group’s risk culture. There are regular forums for day to day business discussion, catalysed by co-location, fostering further alignment between the business strategy and risk taking. The Group’s hedging policy further supports risk management, defining the approach to mitigate potential losses and remain within the prevailing risk appetite.

The Board has established clearly defined risk principles which are summarised below:

- Maintain a moderate risk profile;
- Ensure that effective control of balance sheet usage and concentration risk is exercised, by monitoring exposures against a comprehensive and robust limit framework;
- Preserve strong capital and liquidity ratios and comply with all regulatory requirements;
- Maintain a diversified funding strategy with regard to both the sources and tenor of funding; and
- Ensure that remuneration arrangements are aligned to risk appetite.

Risk governance

The Group has established a comprehensive framework using a three Lines of Defence (‘LoD’) model for managing financial and other operational risks, which evolves with business activities in response to developments in markets and products.

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

The principal risk control functions comprise Risk Management and Compliance functions, supported by the Finance and Legal teams. The Risk Management function is led by the CRO who reports directly into the CEO with independent oversight provided by the Chair of the Board Risk Committee.

The CRO chairs the Risk Management Committee which advises the Executive Committee and Board Risk Committee on risk methodologies, limits and policies, for market, credit, liquidity and operational risks, and monitors compliance with these limits. There are six decision making sub-committees covering credit, market, model and operational risk, together with methodology, prudential matters and stress testing, detailed in the diagram below.

Risk appetite

The Board’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 is prudently quantified with reference to scenario and stress testing, and is set to ensure that the Group can maintain a sound financial position throughout economic cycles and through severe and plausible stress scenarios. This is also the approach being taken for climate risk, where the Group is working towards also setting a risk appetite based on scenario and stress testing,

Mizuho International plc Board of Directors

Mizuho International plc Board Risk Committee

EMEA Risk Management Committee

<p>EMEA Operational Risk Committee</p> <p>Responsible for ensuring appropriate framework is provided for managing operational risk matters.</p>	<p>EMEA Reputational Risk Committee</p> <p>Responsible for providing oversight of reputational risk matters for all EMEA entities.</p>	<p>EMEA Market, Methodology and Model Risk Committee</p> <p>Responsible for ensuring the appropriate framework is provided for managing market risk, risk methodologies and model risks.</p>	<p>EMEA Stress Testing Committee</p> <p>Responsible for ensuring the appropriate framework is provided to manage company-wide stress and reverse stress testing matters.</p>	<p>MHI Prudential & Regulation Committee</p> <p>Responsible for ensuring the appropriate framework is provided for managing prudential regulatory matters.</p>	<p>MHI Credit Risk Management Committee</p> <p>Responsible for ensuring appropriate framework is provided for managing credit risks.</p>
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albeit using scenarios which are aligned to broader industry practice through the Network for Greening the Financial System (“NGFS”). The Risk appetite is implemented through a supporting limit framework that ensures all material sources of risk are controlled in a manner consistent with the Board’s overall risk tolerance.

The Group’s risk management framework comprises the following elements designed to achieve effective management in line with the risk appetite statement through a top-down delegation of authority.

Risk Identification and assessment

Risk drivers are identified based on the Group’s risk profile, taking into consideration regulatory changes and emerging risks. Overall risk driver materiality is attributed using a High/Medium/ Low classification and is derived from both quantitative and qualitative elements:

- Quantitative result considers the impact on the Group’s capital base and risk appetite capital coverage limit; and
- A qualitative overlay is applied based on relevant management judgements.

Risk identification is conducted by examination of all activities of the Group and is captured in the risk register that consists of all risks from all risk areas to which the Group is exposed. The risk register contains measures of materiality, mitigants and controls to ensure capital adequacy. Risk drivers considered to be material are assessed as part of the Internal Capital Adequacy Assessment Process (“ICAAP”) & Internal Liquidity Adequacy Assessment Process (“ILAAP”) and revisited annually and/or where there are material changes to the Group’s risk profile, business model or regulatory environment.

As stated in Note 1 on page 92 of the financial statements, the risk management disclosures in the following sections pertaining to Market risk, Credit risk and Liquidity risk form part of the financial statements. Disclosures that have been audited are labelled accordingly.

For Sustainability, an EMEA CIB-wide risk materiality assessment has been performed in FY 23/24 to identify all ESG risks relevant to Mizuho EMEA entities so that an assessment of potential impact can be done to identify key vulnerabilities. Refer to the diagram in the next section for a summary of the process and results of the exercise for MHI Group.



2. Principal risk and uncertainties

The Group’s principal risks as an international investment banking and securities markets business within the Mizuho Financial Group of companies are as follows:

	Description	How risk is managed
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 Group’s financial condition or results.	<p>Market risk in trading portfolios are managed through position and sensitivity limits, profit and loss and VaR limits, and stress testing limits.</p> <p>Foreign currency loans and advances to banks and customers and investments are funded in matched currencies; funding raised from debt security issuance is also used to support trading activities on a matched currency basis. Foreign currency derivatives are used when required to swap between relevant asset and liability currencies.</p> <p>Limits and corresponding risk policies are approved by the delegated risk management authorities as defined in the Group’s risk management framework.</p> <p>The Group’s market risk profile is reviewed at EMEA Risk Management Committee and EMEA Executive Committee.</p>
Credit and Counterparty risk	The risk of financial loss to the Group if an issuer of a financial instrument or a customer fails to meet its contractual obligations.	<p>Independent credit analysis and due diligence on individual entities relevant to the Group’s credit risk profile is performed.</p> <p>Credit risk limits and policies ensure that the Group operates within the agreed credit risk appetite framework. The Group’s credit risk limit framework cascades down from the Group’s risk appetite owned by the Board and it includes limits for country, sector, asset class counterparty and/or issuer.</p> <p>The Group’s credit risk policies define roles, responsibilities and levels of authority for approving credit risk. Authority levels are governed by the counterparty’s credit quality as well as the nature and potential risk of the transactions.</p> <p>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.</p> <p>The Group’s credit risk profile is reviewed at EMEA Risk Management Committee and also periodically reviewed by the MHI Credit Risk Committee, the EMEA Executive Committee and the MHI Board Risk Committee.</p>
Liquidity risk	The risk that the Group, although solvent, does not have available sufficient financial resources to enable it to meet its obligations as they fall due.	<p>The Group’s liquidity risk management framework enables and ensures continuous review of the Group’s liquidity position. Adequate liquidity resources by amount and quality are maintained to ensure there is no significant risk of liabilities not being met as they fall due.</p> <p>Liquidity and funding is actively managed through operating in the wholesale funding markets and repurchase agreement markets.</p> <p>The Group documents its approach to liquidity risk management, and its assessment of the appropriate level of liquidity resources consistent with its liquidity risk appetite, through its ILAAP.</p> <p>Liquidity mismatches and stress testing results are monitored and reported on a daily basis, and are formally reviewed at EMEA Risk Management Committee. The stress testing results are also periodically reviewed by the MHI Asset and Liability Committee, the EMEA Executive Committee and the MHI Board Risk Committee.</p>

	Description	How risk is managed
Operational risk	<p>The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p>	<p>Operational risk exposure is managed through the Operational Risk Framework, which includes operational risk identification and assessment, control and monitoring, and capital management.</p> <p>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.</p> <p>Operational risk is reviewed, assessed and monitored against defined tolerance statements via the Group'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.</p> <p>The Group's operational risk profile is reviewed at EMEA Risk Management Committee and also periodically reviewed by the EMEA Operational Risk Committee, the EMEA Executive Committee and the MHI Board Risk Committee.</p>
Cyber risk	<p>The risk of financial loss, disruption or damage to the reputation of an organisation from a failure of its information systems.</p>	<p>The Group 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).</p>
Legal risk	<p>The risk that the business activities of the Group have unintended or unexpected legal consequences and includes risk arising from inadequate documentation, legal or regulatory incapacity, insufficient authority of a counterparty and uncertainty as to the validity or enforceability of a contract. It also includes the risks arising from failure to comply with all applicable laws and regulations and the corresponding penalties that may be imposed, including significant financial fines and the loss of reputation.</p>	<p>The Group identifies and manages legal risk through effective use of its Legal and Compliance department, which is independent of the Front Office, as well as external legal advisors.</p>
Financial risks from climate change	<p>These risks arise through two primary channels, or 'risk factors': Physical and Transition.</p> <p>Physical risks from climate change relate to specific weather events (such as heatwaves, floods, wildfires and storms) and longer-term shifts in the climate (such as changes in precipitation, extreme weather variability, sea level rise, and rising mean temperatures).</p> <p>Transition risks arise from the process of adjustment towards a low-carbon economy. These risks manifest, for example, as increasing underwriting, reserving, credit, or market risk for firms.</p>	<p>Financial risks from climate change have been embedded into existing risk management frameworks so that they can be considered and managed as part of the other principal risks.</p> <p>A qualitative Sustainability materiality assessment including consideration of this risk has been completed for all Mizuho EMEA and the MHI component is summarised further down in this section.</p> <p>Additionally, climate stress testing and scenario analysis continues to be developed to enable better understanding and management of this risk in Mizuho EMEA portfolios.</p>
Business risk	<p>The risk that revenues do not cover costs because of the earnings situation or because the efficiency or effectiveness of the company's business operation has deteriorated. This risk has been identified as an idiosyncratic risk of a significant decline to earnings resulting from an adverse scenario considering macroeconomic, geopolitical, industry, regulatory or other factors.</p>	<p>This risk is addressed through forward-looking stress testing and managed through the development of credible management actions to mitigate the impact of an adverse scenario and holding of sufficient capital to support the residual impact post-management actions of the most adverse scenarios.</p>

	Description	How risk is managed
Conduct risk	<p>The risk that actions undertaken by the Group may lead to customer detriment or have an adverse effect on market integrity, including with regards to financial crime.</p>	<p>The Group identifies, manages and mitigates conduct risk through its conduct risk management framework. Whilst the Head of Legal & Compliance has overall responsibility for oversight of this framework, senior managers and staff are responsible for conduct risk management within their own business areas.</p> <p>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.</p> <p>The Group has established a Code of Conduct which clearly articulates expectations and provides guidance with regard to conduct matters. The Group's objective setting, appraisal and remuneration processes are designed to incentivize good conduct and to discourage poor conduct.</p> <p>Conduct risk is subject to independent oversight provided by the Chair of the EMEA Audit & Compliance Committee. The EMEA Audit & Compliance Committee receives regular updates with regard to significant conduct risk matters and reviews key conduct risk metrics.</p>
Reputation risk	<p>Risk to reputation arises from negative perception on the part of stakeholders that can adversely affect the Group'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, debtholders, market analysts, suppliers, and regulators.</p>	<p>Reputation risk 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.</p> <p>Staff behaviour is guided by the Group's values and codified through a Code of Conduct.</p> <p>The Group has a well-established policy and framework for identifying, assessing and managing reputation risk. The framework defines the Group's governance arrangements, responsibilities of staff, and escalation paths in the event of actual or potential damage to the Group's reputation. Compliance with the policy is attested to annually by staff.</p>
Fraud risk	<p>Fraud is an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.</p>	<p>The Group aims to ensure that fraud and corruption are reduced to the lowest possible risk and that, should they occur, are dealt with in a firm and controlled manner.</p> <p>The Group has an Anti-Fraud Policy which sets out roles and responsibilities of specific departments in combating fraud; the Policy is attested to annually by staff.</p> <p>The Group has controls designed to prevent and, where prevention is not possible, to detect fraud. The design and operating effectiveness of controls is reviewed regularly and reported to senior management together with assessments on the level of risk.</p> <p>There are defined processes for escalating and investigating cases of actual or suspected fraudulent activity.</p>
Model risk	<p>The potential for adverse consequences resulting from misinformed decision making based on inappropriate or misused models.</p>	<p>Risk management as a second line of defence conducts independent model validation reviews covering tests for conceptual soundness of the methodology, quality and appropriateness of inputs, model implementation, accuracy of outputs and downstream reports and appropriateness of model usage.</p> <p>The validation review covers Model limitations and corresponding actions to mitigate identified risks, are tracked to completion by the EMEA Market, Methodology & Model Risk Committee as part of ongoing monitoring.</p>



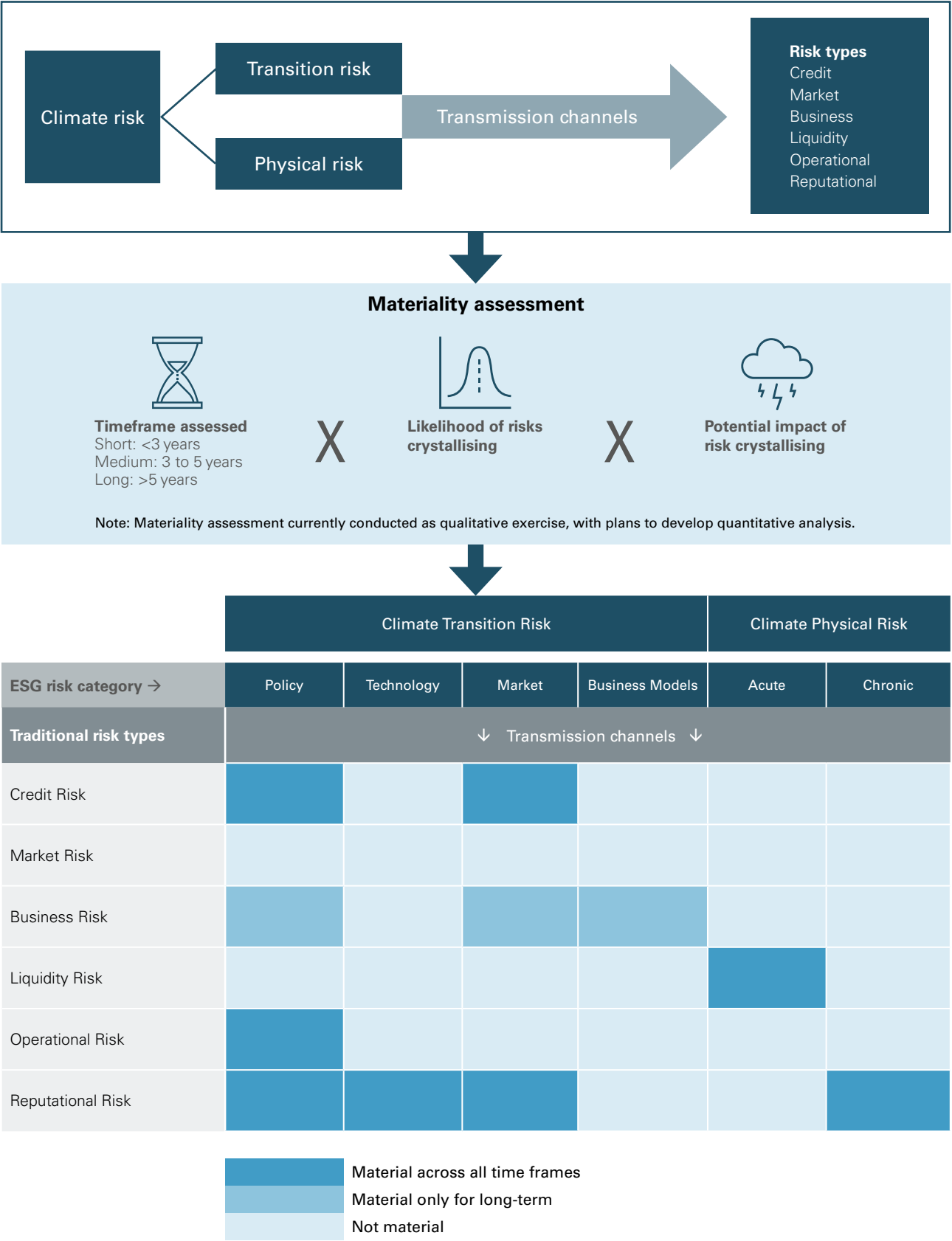
A number of risks have also been identified which require closer senior management scrutiny and could cause disruption to delivery of the Group’s strategy, material deviation of financial results or financial condition from the Group’s business plan. These are typically emerging risks which have more uncertain components, with impact crystallising over a longer time frame. Additionally, there may also be exacerbating factors which are beyond the Group’s control which fall within this category of uncertainties such as geopolitical risks and black swan events.

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

In FY 23/24, a Mizuho EMEA CIB ESG Risk Materiality Assessment was conducted by EMEA Risk Planning with support from across EMEA entities and the Group’s Sustainability Strategy team. The first phase of this exercise (Risk Identification) has been completed with the next phase (quantitative Risk Assessment) currently in progress. In future, it is anticipated that this exercise will be periodically reviewed and updated with standard risk identification and assessment process outlined above.

Relevant ESG risks have been identified and qualitatively assessed. The results summarised in the heatmap show that reputational, credit and operational risk are most impacted by transition risk, while liquidity risk would be most impacted by physical risk.

MHI Group ESG Risk Materiality Assessment



Prepared in accordance with UK regulatory guidance on addressing climate risk: PRA’s supervisory statement 3/19, subsequent letters addressed to firms’ CEOs and reports, and the Department for Business, Energy and Industrial Strategy’s Climate-related Finance Disclosure (BEIS CFD) regulations published in 2022.



3. Risk Control and Mitigation

As an overarching risk control, the Group operates a three lines of defence model to manage all risks.

Business and support functions which originate or accept risk are held responsible for the management and control of that risk in line with risk appetite, supporting limit framework and other related risk policies.

Risk control functions provide the second line of defence by exercising independent oversight of the management of risk by those originating functions.

Risk limits

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

Mitigation techniques

Risk exposures are managed by business and support functions using a range of techniques relevant to the individual risk class. Such techniques encompass market-based hedging activities, credit risk mitigation techniques, diversification of funding sources and tenor, business continuity planning and the purchase of insurance.

Key Risk Indicators, Risk Monitoring and Reporting

Risk control limits and key risk indicators are established to ensure that risk exposures remain within specified levels, and that the Group is able to operate in accordance with its overall 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 Group’s governance hierarchy.

Reporting of risk exposures in relation to risk limits, and more broadly with regards to trends in the Group’s risk profile and emerging risks, is performed by the Risk Management function (and by the Compliance function with regards to conduct related matters). Reporting is conducted in relation to all principal risk factors, and is designed to enable effective governance of the Group’s risk profile. In particular, the Board and the Board Risk Committee are regularly informed of the Group’s risk exposures and compliance with risk limits.

In addition to monitoring current risk exposures, the Group also monitors potential future adverse developments by establishing entity-specific early warning indicators whose breach may indicate deterioration in the capital and liquidity strength. Monitoring and reporting the status of these early warning indicators forms part of Group’s contingency planning arrangements.

For most risk metrics and limits, exposures are monitored daily by automated processes to support timely management information that includes a daily risk report to the CEO and CRO and regular risk reports to the EMEA Executive Committee, EMEA Risk Management Committee and MHI Board Risk Committee at each meeting. This includes details of the Group’s climate-related risk exposures which since last financial year, has been produced based on detailed entity-level assessments allowing for differentiation between entities located in the same country or operating in the same sector but with different climate risk profiles and transition paths.

The Group remains committed to supporting broader Mizuho Financial Group initiatives on climate risk mentioned in the Strategic Report, and to contribute positively to any organisational targets which may be allocated or developed for EMEA in future.

Strategy and planning

The Group conducts formal business planning on an annual basis, through which the Board’s strategic objectives are developed into detailed business plans. Commercial objectives and plans are established for all significant business lines, and from these financial projections are developed, which take account of expected macroeconomic and market conditions.

The Group risk appetite is also formally reviewed on an annual basis as part of the business planning cycle, to ensure that business strategy and risk management activities are aligned. Business plans are also reviewed by Risk Management to ensure that planned developments are achievable given the Group’s risk management capabilities, and to form a view with regard to the balance of risk and reward attributable to planned activities.

Within its business planning activities, the Group also conducts capital planning to ensure that an appropriate balance between capital resources and capital requirements is maintained through the planning cycle.

Stress Testing

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

As part of its capital planning framework, the Group utilises stress tests to ensure that it is able to maintain a sound financial position in the event of severe economic stress. Stress tests are developed based on potential future scenarios, selected in light of the Group’s risk profile and plausible future market and economic developments. Stress tests are conducted so as to apply selected scenarios in a consistent manner to the market, credit and liquidity risks to which the Group is exposed and to take account of any concentrations of exposure.

Under the Pillar 2 framework, the Group 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. Stress scenarios are developed and maintained in the EMEA CIB repository, and are subject to review and approval for use by the EMEA Stress Testing Committee.

As in prior years, the Group’s efforts to understand transmission of climate risks to financial risks are examined through three scenarios based on the NGFS Climate scenarios. The main assumptions for each of the scenarios assessed is summarised in the adjacent infographic. A description of the scenario analysis performed and the key results (rounded to nearest £m) is also provided.

At this stage, climate stress testing and scenario analysis has been useful for establishing a baseline of expected impact under each of the three climate scenarios and to identify gaps within the climate stress testing and scenario analysis framework. Enhancements are expected to be progressed in concert with other global Mizuho initiatives to ensure alignment across the broader group.

Adequacy of risk management arrangements

The Group assesses the adequacy of its risk management framework and of the amount of capital and liquidity that it needs to hold in respect of its risk profile on an annual basis, or more frequently if required. This assessment is formally documented within the Group’s ICAAP and ILAAP, and is approved by the MHI Board.

The most recent ICAAP and ILAAP exercises concluded that the risk management arrangements adopted by both entities were adequate in relation to their risk profile and strategy. Further, through its risk management framework, risk appetite and limit framework, independent reviews and ongoing programme of enhancements, the Company and its subsidiary confirm that their risk management is effective.



More transition risk		More physical risk
Effect on country and sector exposures		
Orderly transition < 2° C	Disorderly transition < 2° C	Hot House World towards 4° C
<ul style="list-style-type: none">Global policy action in 2020sEnergy use growth slows → slowed GHG emissions growthNet zero before 2070Repricing risk from changes in investor expectations and investment criteriaEnvironmentally-friendly sectors and regions benefiting from transitions.	<ul style="list-style-type: none">Sudden implementation of much stricter policiesSudden decrease in energy use and GHG emission at the expense of global economy to meet the targetMuch higher repricing risk for high transition risk sectorsFinancial markets turmoil from risky asset sell-off and inflationary effect.	<ul style="list-style-type: none">Governments fail to introduce policies to curb temperature increaseIncreased global heating leads to more physical risks materialisingSignificant impacts on high physical risk countries.Disruptions of supply chain and increased corporate defaults would exacerbate market sentiments and financials.
<ul style="list-style-type: none">This scenario tends to produce a positive stress impact; this has been noted throughout the year.Scenario assumes minimal market shocks due to orderly nature of transition, giving rise to a relatively mild stress scenario.FY23/24 range: £3m to £10m; FY23/24 average: £6m	<ul style="list-style-type: none">Scenario produced negative stress impact at year end however, this scenario tends to vary between positive and negative stress impact.The variability in results is driven by composition of portfolio and exposure to high transition risk sectors at reference date of analysis.FY23/24 range: £(13)m to £9m; FY23/24 average: £(2)m	<ul style="list-style-type: none">Scenario consistently produces large, negative stress impact. Large stress impact is expected under this scenario given the scenario assumes catastrophic impact of effectively no transition.FY23/24 range: £(27)m to £2m; FY23/24 average: £(12)m

4. Market Risk

Risk analysis – trading financial instruments

The Group measures and manages the market risk in its trading portfolios through position and sensitivity limits, as well as profit and loss and Value at Risk (“VaR”) limits, and stress testing limits. These limits and risk policies are approved by the delegated risk management authorities as defined in the Group’s risk management framework. In addition, the Group has total VaR and Market Risk and Credit Risk Capital limits set by MHSC. Furthermore, the Group market risk appetite stress test and VaR limits are subject to approval by the Board Risk Committee.

The Group ensures compliance with the Volcker rule by conducting relevant controls and monitoring of metrics implemented in the Group’s three lines of defence model in accordance with the Group’s business desk designation.

Stress Testing

Stress testing is an essential component of the tools used for managing risk within the organisation and provides information regarding risks borne by the Group. This assists senior management in understanding the potential impact of stress events on its business strategy and its available capital resources.

Stress scenarios from the EMEA CIB repository are used, with the most relevant scenario for current market outlook and concerns set as the risk appetite stress scenario.

Value at Risk (“VaR”)

VaR is a statistical measure that produces an estimate of the potential decrease in the market value of a portfolio over a specified time horizon at a given confidence level under normal market conditions. The Group’s VaR is calculated on a daily basis and assumes a time horizon of one day and a confidence level of 99 per cent. Regular back testing of VaR is conducted to ensure effectiveness of the VaR model and its assumptions.

A summary of the daily VaR and risk statistics for the trading portfolios, based on a 99 per cent confidence level and a one-day time horizon, segregated by type of market risk, is presented below for the Group (Note: There is no material difference between Group and Company numbers and therefore the Company numbers have not been presented separately):

Sensitivity analysis – non trading financial instruments

Currency risk sensitivity

The Group’s foreign currency loans and advances to banks and customers and investments are funded in matched currencies, and in addition funding raised from debt security issuance is also used to support trading activities on a matched currency basis. Foreign currency derivatives are used when required to swap between relevant asset and liability currencies. Consequently no significant currency exposure arises on non-trading book activities.

2024		Average	Maximum	Minimum
VaR Risk Factor	£ thousands	£ thousands	£ thousands	£ thousands
Interest Rate	1,319	1,323	2,217	851
Credit Spread	3,710	2,267	4,115	1,179
Equity	88	107	689	17
FX Risk	55	47	145	4
Total VaR ¹	3,417	2,425	3,580	1,521

2023		Average	Maximum	Minimum
VaR Risk Factor	£ thousands	£ thousands	£ thousands	£ thousands
Interest Rate	1,451	1,327	4,038	655
Credit Spread	2,941	2,315	3,736	616
Equity	442	220	799	38
FX Risk	130	108	240	23
Total VaR ¹	3,342	2,739	5,179	1,222

Explanatory note on VaR Risk Factor

1. The total VaR shown in the tables above is not a sum of the component risks due to offsets between them.

Interest rate risk sensitivity (Audited)

The Group's non trading books comprise assets and liabilities which are not held or issued for trading purposes. These include the raising and provision of funding to support the Group's trading activities, acceptance of customer deposits and investment activities. Funding and deposit taking activity, including related derivative hedging, is conducted in such a manner as to minimise, where possible, interest rate risk.

The Group's market risk profile is reviewed at the EMEA Risk Management Committee and also periodically reviewed by the EMEA Market, Methodology and Model Risk Committee, the EMEA Executive Committee and the Board Risk Committee.

The tables below summarise the interest rate sensitivity gaps within the Group's non trading book. Items are allocated to time bands by reference to the earlier of the next contractual interest rate re-pricing or the maturity date.

Group (Audited)

	Less than 3 months £ millions	3-6 months £ millions	6-12 months £ millions	1-5 years £ millions	Over 5 years £ millions	Non interest bearing £ millions	Total £ millions
2024							
Cash and balances at central banks	328.5	-	-	-	-	-	328.5
Loans and advances to banks	47.1	-	-	-	-	-	47.1
Reverse repurchase agreements with customers	-	-	92.9	22.7	-	-	115.6
Equity shares – other financial investments	-	-	-	-	-	3.4	3.4
Shares in group undertakings	-	-	-	-	-	13.2	13.2
Other assets	802.9	-	-	-	-	79.4	882.3
Prepayments and accrued income	-	-	-	-	-	56.6	56.6
Assets	1,178.5	-	92.9	22.7	-	152.6	1,446.7
Deposits by banks	281.6	237.5	-	-	-	-	519.1
Customer accounts	703.5	4.0	-	-	-	-	707.5
Repurchase Agreements with Banks	-	-	87.4	18.4	-	-	105.8
Debt securities in issue	786.9	217.9	47.0	314.1	41.9	-	1,407.8
Other liabilities	615.0	-	-	-	-	16.3	631.3
Accruals and deferred income	-	-	-	-	-	106.6	106.6
Provisions for liabilities	-	-	-	-	-	3.1	3.1
Shareholders' funds	-	-	-	-	-	720.7	720.7
Liabilities and Equity	2,387.0	459.4	134.4	332.5	41.9	846.7	4,201.9
Off balance sheet items ¹	(543.9)	140.9	47.0	314.1	41.9	-	-
Interest rate sensitivity gap	(1,752.4)	(318.5)	5.5	4.3	-	(694.1)	(2,755.2)
Cumulative gap	(1,752.4)	(2,070.9)	(2,065.4)	(2,061.1)	(2,061.1)	(2,755.2)	(2,755.2)

Group (Audited)

	Less than 3 months £ millions	3-6 months £ millions	6-12 months £ millions	1-5 years £ millions	Over 5 years £ millions	Non interest bearing £ millions	Total £ millions
2023							
Cash and balances at central banks	370.4	-	-	-	-	-	370.4
Loans and advances to banks	45.3	-	-	-	-	1.5	46.8
Reverse repurchase agreements with customers	-	-	-	112.5	-	-	112.5
Equity shares – other financial investments	-	-	-	-	-	3.9	3.9
Shares in group undertakings	-	-	-	-	-	9.9	9.9
Other assets	361.4	-	-	-	-	76.8	438.2
Prepayments and accrued income	-	-	-	-	-	47.7	47.7
Assets	777.1	-	-	112.5	-	139.8	1,029.4
Deposits by banks	26.6	242.7	22.8	-	-	-	292.1
Customer accounts	871.6	-	26.3	-	-	-	897.9
Repurchase Agreements with Banks	-	-	-	107.5	-	-	107.5
Debt securities in issue	990.2	49.2	203.8	447.0	30.4	-	1,720.6
Other liabilities	553.5	-	-	-	-	13.9	567.4
Accruals and deferred income	-	-	-	-	-	87.5	87.5
Provisions for liabilities	-	-	-	-	-	4.0	4.0
Shareholders' funds	-	-	-	-	-	707.7	707.7
Liabilities and Equity	2,441.9	291.9	252.9	554.5	30.4	813.1	4,384.7
Off balance sheet items ¹	(730.4)	49.2	203.8	447.0	30.4	-	-
Interest rate sensitivity gap	(2,395.2)	(242.7)	(49.1)	5.0	-	(673.3)	(3,355.3)
Cumulative gap	(2,395.2)	(2,637.9)	(2,687.0)	(2,682.0)	(2,682.0)	(3,355.3)	(3,355.3)

Company (Audited)

	Less than 3 months £ millions	3-6 months £ millions	6-12 months £ millions	1-5 years £ millions	Over 5 years £ millions	Non interest bearing £ millions	Total £ millions
2024							
Cash and balances at central banks	328.5	-	-	-	-	-	328.5
Loans and advances to banks	38.7	-	-	-	-	-	38.7
Loans and advances to customers	31.9	-	-	-	-	-	31.9
Reverse Repurchase agreements with customers	-	-	92.9	22.7	-	-	115.6
Equity shares – other financial investments	-	-	-	-	-	3.4	3.4
Shares in group undertakings	-	-	-	-	-	47.0	47.0
Other assets	802.8	-	-	-	-	79.3	882.1
Prepayments and accrued income	-	-	-	-	-	60.0	60.0
Assets	1,201.9	-	92.9	22.7	-	189.7	1,507.2
Deposits by banks	280.7	237.5	-	-	-	-	518.2
Customer accounts	704.5	4.0	-	-	-	-	708.5
Repurchase agreements with Banks	-	-	87.4	18.4	-	-	105.8
Debt securities in issue	786.9	217.9	47.0	314.1	41.9	-	1,407.8
Other liabilities	635.8	-	-	-	-	16.9	652.7
Accruals and deferred income	-	-	-	-	-	102.0	102.0
Provisions for liabilities	-	-	-	-	-	2.9	2.9
Shareholders' funds	-	-	-	-	-	716.7	716.7
Liabilities and Equity	2,407.9	459.4	134.4	332.5	41.9	838.5	4,214.6
Off balance sheet items ¹	(543.9)	140.9	47.0	314.1	41.9	-	-
Interest rate sensitivity gap	(1,749.9)	(318.5)	5.5	4.3	-	(648.8)	(2,707.4)
Cumulative gap	(1,749.9)	(2,068.4)	(2,062.9)	(2,058.6)	(2,058.6)	(2,707.4)	(2,707.4)

Company (Audited)

	Less than 3 months £ millions	3-6 months £ millions	6-12 months £ millions	1-5 years £ millions	Over 5 years £ millions	Non interest bearing £ millions	Total £ millions
2023							
Cash and balances at central banks	370.4	-	-	-	-	-	370.4
Loans and advances to banks	35.6	-	-	-	-	1.5	37.1
Loans and advances to customers	21.9	-	-	-	-	-	21.9
Reverse Repurchase agreements with customers	-	-	-	112.5	-	-	112.5
Equity shares – other financial investments	-	-	-	-	-	3.9	3.9
Shares in group undertakings	-	-	-	-	-	44.1	44.1
Other assets	358.1	-	-	-	-	74.7	432.8
Prepayments and accrued income	-	-	-	-	-	49.1	49.1
Assets	786.0	-	-	112.5	-	173.3	1,071.8
Deposits by banks	26.6	242.7	22.8	-	-	-	292.1
Customer accounts	871.6	-	26.3	-	-	-	897.9
Repurchase agreements with Banks	-	-	-	107.5	-	-	107.5
Debt securities in issue	990.2	49.2	203.8	447.0	30.4	-	1,720.6
Other liabilities	553.5	-	-	-	-	15.7	569.2
Accruals and deferred income	-	-	-	-	-	83.5	83.5
Provisions for liabilities	-	-	-	-	-	3.8	3.8
Shareholders' funds	-	-	-	-	-	704.6	704.6
Liabilities and Equity	2,441.9	291.9	252.9	554.5	30.4	807.6	4,379.2
Off balance sheet items ¹	(730.4)	49.2	203.8	447.0	30.4	-	-
Interest rate sensitivity gap	(2,386.3)	(242.7)	(49.1)	5.0	-	(634.3)	(3,307.4)
Cumulative gap	(2,386.3)	(2,629.0)	(2,678.1)	(2,673.1)	(2,673.1)	(3,307.4)	(3,307.4)

Explanatory note on interest rate sensitivity

1. Off balance sheet items:

Where interest rate swaps are hedging debt securities in issue with greater than three months' maturity, the notional of these swaps has been disclosed as an off balance sheet item banded with reference to its next floating rate reset date, to reflect the true sensitivity of the Group to interest rate risk on these structures.

5. Credit Risk

Maximum exposure and effects of collateral and other credit enhancements (Audited)

The maximum exposure to credit risk for financial assets, including derivatives, recognised on the Statement of Financial Position is typically the carrying amount and is represented on the table below which analyses maximum exposure to credit risk by asset class, representing credit risk arising from counterparty default.

The maximum exposure is shown gross of the use of master netting and collateral agreements unless such credit enhancements meet the offsetting requirements as set out in Note 3A of the Notes to the Financial Statements section.

Group (Audited)

	Maximum exposure £ millions	Collateral ¹ £ million	Netting ² £ millions	Net exposure to credit risk £ millions
2024				
On-balance sheet:				
Cash and balances at central banks	328.5	-	-	328.5
Loans and advances to banks	47.1	-	-	47.1
Reverse repurchase agreements with banks	5,131.0	(5,115.8)	-	15.2
Reverse repurchase agreements with customers	3,059.6	(3,057.4)	-	2.2
Debt and other fixed income securities	5,463.7	-	-	5,463.7
Derivative assets	9,707.7	(419.0)	(9,239.7)	49.0
Trade receivables	872.0	(164.8)	(282.9)	424.3
Total on-balance sheet	24,609.6	(8,757.0)	(9,522.6)	6,330.0
Off-balance sheet:				
Credit lines and other commitments ³	115.7	(115.6)	-	0.1
Total off-balance sheet	115.7	(115.6)	-	0.1
Total	24,725.3	(8,872.6)	(9,522.6)	6,330.1

Group (Audited)

	Maximum exposure £ millions	Collateral ¹ £ million	Netting ² £ millions	Net exposure to credit risk £ millions
2023				
On-balance sheet:				
Cash and balances at central banks	370.4	-	-	370.4
Loans and advances to banks	46.8	-	-	46.8
Reverse repurchase agreements with banks	5,841.9	(5,804.5)	-	37.4
Reverse repurchase agreements with customers	2,303.5	(2,297.4)	(0.1)	6.0
Debt and other fixed income securities	5,087.2	-	-	5,087.2
Derivative assets	13,072.6	(382.2)	(12,648.0)	42.4
Trade receivables	406.1	(26.9)	(135.3)	243.9
Total on-balance sheet	27,128.5	(8,511.0)	(12,783.4)	5,834.1
Off-balance sheet:				
Credit lines and other commitments ³	112.6	(112.5)	-	0.1
Total off-balance sheet	112.6	(112.5)	-	0.1
Total	27,241.1	(8,623.5)	(12,783.4)	5,834.2

Company (Audited)

	Maximum exposure £ millions	Collateral¹ £ million	Netting² £ millions	Net exposure to credit risk £ millions
2024				
On-balance sheet:				
Cash and balances at central banks	328.5	-	-	328.5
Loans and advances to banks	38.7	-	-	38.7
Loans and advances to customers	31.9	-	-	31.9
Reverse repurchase agreements with banks	5,088.6	(5,078.2)	-	10.4
Reverse repurchase agreements with customers	3,098.3	(3,091.2)	-	7.1
Debt and other fixed income securities	5,252.0	-	-	5,252.0
Derivative assets	9,706.6	(419.0)	(9,239.7)	47.9
Trade receivables	873.7	(164.8)	(282.9)	426.0
Total on-balance sheet	24,418.3	(8,752.7)	(9,522.6)	6,143.0
Off-balance sheet:				
Credit lines and other commitments³	115.7	(115.6)	-	0.1
Total off-balance sheet	115.7	(115.6)	-	0.1
Total	24,534.0	(8,868.3)	(9,522.6)	6,143.1

Company (Audited)

	Maximum exposure £ millions	Collateral¹ £ million	Netting² £ millions	Net exposure to credit risk £ millions
2023				
On-balance sheet:				
Cash and balances at central banks	370.4	-	-	370.4
Loans and advances to banks	37.1	-	-	37.1
Loans and advances to customers	21.9	-	-	21.9
Reverse repurchase agreements with banks	5,841.9	(5,805.1)	-	36.8
Reverse repurchase agreements with customers	2,332.6	(2,330.1)	(0.1)	2.4
Debt and other fixed income securities	4,939.6	-	-	4,939.6
Derivative assets	13,072.3	(382.2)	(12,647.8)	42.3
Trade receivables	402.7	(26.9)	(135.3)	240.5
Total on-balance sheet	27,018.5	(8,544.3)	(12,783.2)	5,691.0
Off-balance sheet:				
Credit lines and other commitments³	112.6	(112.5)	-	0.1
Total off-balance sheet	112.6	(112.5)	-	0.1
Total	27,131.1	(8,656.8)	(12,783.2)	5,691.1

Explanatory notes on collateral and other enhancements obtained

1. Collateral received:
Collateral received in the form of securities or cash in respect of reverse repurchase transactions, derivative transactions under relevant credit support agreements, and from a related party under a collateralised funding arrangement is shown above within Collateral.
2. Netting and set-off:
The impact of netting and set-off under legally enforceable master netting agreements is disclosed within Netting above, and is calculated after taking account of the effect of collateral described above as well as netting posted on the balance sheet in accordance with FRS102. The amount shown under Maximum exposure is after FRS 102 netting.
3. Credit lines and other commitments
Off-balance sheet balance includes a reverse repo commitment where the Group's maximum exposure is represented by the contractual principal amount of the commitment. Were this commitment to be drawn down, the counterparty would be expected to post collateral at least equal to the contractual principal amount and this is reflected as such in the collateral balance.

Concentrations of exposure to credit risk (Audited)

Concentrations of exposure to credit risk exist when a number of counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors and have similar economic characteristics so that their ability to meet contractual obligations is similarly impacted by changes in economic, political or other conditions. Significant concentrations of exposure to credit risk are discussed below.

Reverse repurchase agreements

The Group's repo trading activities give rise to counterparty risk exposures, which as noted above, are mitigated through the execution of netting agreements and the agreement of margin requirements such that net counterparty exposures are maintained at a low level. The largest counterparty exposure as at 31 March 2024 totalled £15.9 million (2023: £32.9 million), and no remaining exposures exceeded £0.4 million (2023: £3.8 million).

Debt and other fixed income securities

The Group's holdings of debt and other fixed income securities are diversified by issuer, geographic region and industry sector. A summary of the most significant geographic exposures by class of debt is given as follows:

Group (Audited)

	Government £ millions	Other public sector £ millions	Other £ millions	Total £ millions
2024				
France	104.1	263.6	110.7	478.4
Germany	130.8	374.3	88.0	593.1
US	68.8	-	141.0	209.8
Japan	392.4	150.8	21.4	564.6
Italy	953.4	-	76.3	1,029.7
UK	47.7	0.3	177.3	225.3
Spain	30.5	0.9	10.5	41.9
Netherlands	6.7	35.1	66.5	108.3
Canada	-	131.5	98.8	230.3
Other	228.9	1,072.5	680.9	1,982.3
Total	1,963.3	2,029.0	1,471.4	5,463.7

	Government £ millions	Other public sector £ millions	Other £ millions	Total £ millions
2023				
France	308.3	161.3	76.1	545.7
Germany	223.2	146.4	70.6	440.2
US	323.3	-	258.7	582.0
Japan	573.8	162.5	71.7	808.0
Italy	758.6	-	39.8	798.4
UK	96.7	9.5	171.0	277.2
Spain	75.5	10.1	30.2	115.8
Netherlands	12.0	1.3	26.6	39.9
Canada	-	58.3	85.4	143.7
Other	143.4	829.0	363.9	1,336.3
Total	2,514.8	1,378.4	1,194.0	5,087.2

Company (Audited)

	Government £ millions	Other public sector £ millions	Other £ millions	Total £ millions
2024				
France	88.7	263.6	109.4	461.7
Germany	119.1	374.3	88.0	581.4
US	68.8	-	141.0	209.8
Japan	392.4	150.8	21.4	564.6
Italy	794.8	-	76.3	871.1
UK	47.7	0.3	177.3	225.3
Spain	25.4	0.9	10.5	36.8
Netherlands	-	35.1	66.5	101.6
Canada	-	131.5	98.8	230.3
Other	217.0	1,072.5	679.9	1,969.4
Total	1,753.9	2,029.0	1,469.1	5,252.0

	Government £ millions	Other public sector £ millions	Other £ millions	Total £ millions
2023				
France	272.9	161.3	76.1	510.3
Germany	145.5	146.4	70.6	362.5
US	323.3	-	258.7	582.0
Japan	573.8	162.5	71.6	807.9
Italy	754.1	-	39.8	793.9
UK	96.7	9.5	171.0	277.2
Spain	70.2	10.1	30.2	110.5
Netherlands	-	1.3	26.6	27.9
Canada	-	58.3	85.4	143.7
Other	131.3	829.0	363.4	1,323.7
Total	2,367.8	1,378.4	1,193.4	4,939.6

Derivatives

The Group's derivative trading activities give rise to counterparty risk exposures which as noted above are principally mitigated through the execution of netting agreements and the agreement of margin requirements. Total Counterparty exposure totalled £49.0 million as at 31 March 2024 (2023: £42.4 million) for the Group, and £47.9 million (2023: £42.3 million) for the Company. The largest individual counterparty exposure as at 31 March 2024 totalled £42.4 million (2023: £29.6 million). All exposures greater than £1 million were against investment grade-rated financial institutions, clearing houses or other Mizuho Financial Group subsidiaries. There have been no defaults historically against these counterparties.

Credit quality (Audited)

The following table represents an analysis of the carrying value of reverse repurchase agreements based on the internal credit quality rating designation (or their equivalent) of the underlying collateral received. Where credit ratings for the underlying collateral are not available, the client credit rating may be used as a proxy. For debt and other securities, loans and advances balances and cash balances at central banks, external credit ratings are used. The internal credit ratings are derived from S&P, Moody's and Fitch. For Japanese securities, the ratings are derived from Japanese rating agencies. For securities where external ratings are not available, the rating is internally calculated by the Group.

Reverse repurchase agreements with banks

Group (Audited)

2024	Government £ millions	Bank £ millions	Corporate £ millions	Total £ millions
AAA	604.4	288.8	99.3	992.5
AA- to AA+	1,934.1	66.1	105.1	2,105.3
A- to A+	576.6	649.5	250.6	1,476.7
BBB+ to BBB-	186.1	88.9	137.9	412.9
BB+ to B-	27.3	59.8	56.5	143.6
Total	3,328.5	1,153.1	649.4	5,131.0

Company (Audited)

2024	Government £ millions	Bank £ millions	Corporate £ millions	Total £ millions
AAA	562.0	288.8	99.3	950.1
AA- to AA+	1,934.1	66.1	105.1	2,105.3
A- to A+	576.6	649.5	250.6	1,476.7
BBB+ to BBB-	186.1	88.9	137.9	412.9
BB+ to B-	27.3	59.8	56.5	143.6
Total	3,286.1	1,153.1	649.4	5,088.6

Group and Company (Audited)

2023	Government £ millions	Bank £ millions	Corporate £ millions	Total £ millions
AAA	1,512.7	166.7	79.9	1,759.3
AA- to AA+	1,968.6	9.8	7.3	1,985.7
A- to A+	1,340.2	231.6	194.2	1,766.0
BBB+ to BBB-	82.4	54.0	113.6	250.0
BB+ to B-	69.4	1.7	9.8	80.9
Total	4,973.3	463.8	404.8	5,841.9

Reverse repurchase agreements with customers

Group (Audited)

2024	Government £ millions	Bank £ millions	Corporate £ millions	Total £ millions
AAA	1,575.5	39.6	22.4	1,637.5
AA- to AA+	1,055.4	-	4.2	1,059.6
A- to A+	10.0	39.9	11.8	61.7
BBB+ to BBB-	106.2	5.5	128.5	240.2
BB+ to B-	41.8	2.3	12.9	57.0
CCC+ to C	3.6	-	-	3.6
Total	2,792.5	87.3	179.8	3,059.6

2023	Government £ millions	Bank £ millions	Corporate £ millions	Total £ millions
AAA	410.7	34.7	128.2	573.6
AA- to AA+	1,324.6	8.7	1.6	1,334.9
A- to A+	25.7	33.0	14.1	72.8
BBB+ to BBB-	143.2	1.4	75.3	219.9
BB+ to B-	-	-	102.3	102.3
CCC+ to C	-	-	-	-
Total	1,904.2	77.8	321.5	2,303.5

Company (Audited)

2024	Government £ millions	Bank £ millions	Corporate £ millions	Total £ millions
AAA	1,579.4	39.5	22.4	1,641.3
AA- to AA+	1,056.1	-	4.2	1,060.3
A- to A+	10.0	39.9	11.8	61.7
BBB+ to BBB-	140.4	5.5	128.5	274.4
BB+ to B-	41.8	2.3	12.9	57.0
CCC+ to C	3.6	-	-	3.6
Total	2,831.3	87.2	179.8	3,098.3

2023	Government £ millions	Bank £ millions	Corporate £ millions	Total £ millions
AAA	439.8	34.7	128.2	602.7
AA- to AA+	1,324.6	8.7	1.6	1,334.9
A- to A+	25.7	33.0	14.1	72.8
BBB+ to BBB-	143.2	1.4	75.3	219.9
BB+ to B-	-	-	102.3	102.3
CCC+ to C	-	-	-	-
Total	1,933.3	77.8	321.5	2,332.6

Debt and other fixed income securities, Loans and advances and Cash and balances at central banks**Group (Audited)**

2024	Debt and other fixed income securities £ millions	Loans and advances £ millions	Cash and balances at central banks £ millions
AAA	1,662.4	-	-
AA- to AA+	1,155.6	21.3	328.5
A- to A+	1,165.1	24.7	-
BBB+ to BBB-	1,340.8	-	-
BB+ to B-	133.9	-	-
CCC+ to C	1.1	-	-
Unrated	4.8	1.1	-
	<u>5,463.7</u>	<u>47.1</u>	<u>328.5</u>

2023	Debt and other fixed income securities £ millions	Loans and advances £ millions	Cash and balances at central banks £ millions
AAA	1,281.3	-	-
AA- to AA+	1,219.1	22.3	370.4
A- to A+	1,283.1	22.6	-
BBB+ to BBB-	1,216.0	0.9	-
BB+ to B-	83.4	-	-
CCC+ to C	1.0	-	-
Unrated	3.3	1.0	-
	<u>5,087.2</u>	<u>46.8</u>	<u>370.4</u>

Debt and other fixed income securities, Loans and advances and Cash and balances at central banks**Company (Audited)**

2024	Debt and other fixed income securities £ millions	Loans and advances £ millions	Cash and balances at central banks £ millions
AAA	1,643.9	-	-
AA- to AA+	1,128.4	16.5	328.5
A- to A+	1,160.0	53.0	-
BBB+ to BBB-	1,180.0	-	-
BB+ to B-	133.9	-	-
CCC+ to C	1.1	-	-
Unrated	4.7	1.1	-
	<u>5,252.0</u>	<u>70.6</u>	<u>328.5</u>

2023	Debt and other fixed income securities £ millions	Loans and advances £ millions	Cash and balances at central banks £ millions
AAA	1,191.7	-	-
AA- to AA+	1,171.4	16.5	370.4
A- to A+	1,277.7	40.6	-
BBB+ to BBB-	1,211.1	0.9	-
BB+ to B-	83.4	-	-
CCC+ to C	1.0	-	-
Unrated	3.3	1.0	-
	<u>4,939.6</u>	<u>59.0</u>	<u>370.4</u>

6. Liquidity Risk

Residual contractual maturity of financial liabilities (Audited)

The tables below summarises the maturity profile of the financial liabilities:

Group (Audited)

2024	Carrying Amount £ millions	Contractual Amount £ millions	Repayable on demand £ millions	Less than three months £ millions	3-6 months £ millions	6-12 months £ millions	1-5 years £ millions	Over 5 years £ millions
Financial liabilities:								
Deposits by banks	519.1	519.1	0.9	52.6	237.5	-	228.1	-
Customer accounts	707.5	707.5	-	703.5	4.0	-	-	-
Repurchase agreements with banks	3,769.7	3,779.9	1,509.5	1,477.3	64.1	107.2	621.8	-
Repurchase agreements with customers	3,425.7	3,424.2	61.2	3,263.0	100.0	-	-	-
Debt securities in issue	1,395.0	1,407.7	-	512.1	217.3	68.4	567.5	42.4
Short positions ¹	3,925.7	2,516.5	1,097.1	1,419.4	-	-	-	-
Derivative liabilities ²	9,603.3	9,603.7	-	171.6	210.0	205.4	3,695.8	5,320.9
Trade payables	642.8	642.8	-	642.8	-	-	-	-
Accruals and deferred income ³	136.8	227.7	-	139.7	10.4	13.8	60.4	3.4
	24,125.6	22,829.1	2,668.7	8,382.0	843.3	394.8	5,173.6	5,366.7

Group (Audited)

2023	Carrying Amount £ millions	Contractual Amount £ millions	Repayable on demand £ millions	Less than three months £ millions	3-6 months £ millions	6-12 months £ millions	1-5 years £ millions	Over 5 years £ millions
Financial liabilities:								
Deposits by banks	292.1	292.1	2.4	24.3	242.6	22.8	-	-
Customer accounts	897.9	897.9	-	871.5	-	26.4	-	-
Repurchase agreements with banks	1,675.3	1683.1	737.4	646.0	5.0	11.4	283.3	-
Repurchase agreements with customers	5,231.3	5,232.5	-	5,232.5	-	-	-	-
Debt securities in issue	1,616.5	1,720.6	-	627.8	246.4	311.7	503.7	31.0
Short positions ¹	3,418.7	3,556.6	1,053.9	2,500.3	2.4	-	-	-
Derivative liabilities ²	12,833.5	12,833.5	-	72.3	87.9	229.5	4,723.1	7,720.7
Trade payables	576.8	576.8	-	576.8	-	-	-	-
Accruals and deferred income ³	52.6	82.9	-	56.4	4.4	3.0	16.1	3.0
	26,594.7	26,876.0	1,793.7	10,607.9	588.7	604.8	5,526.2	7,754.7

Company (Audited)

2024	Carrying Amount £ millions	Contractual Amount £ millions	Repayable on demand £ millions	Less than three months £ millions	3-6 months £ millions	6-12 months £ millions	1-5 years £ millions	Over 5 years £ millions
Financial liabilities:								
Deposits by banks	518.2	518.2	-	52.6	237.5	-	228.1	-
Customer accounts	708.5	708.5	1.0	703.5	4.0	-	-	-
Repurchase agreements with banks	3,769.7	3,779.9	1,509.5	1,477.3	64.1	107.2	621.8	-
Repurchase agreements with customers	3,466.8	3,465.3	102.2	3,263.1	100.0	-	-	-
Debt securities in issue	1,395.0	1,407.7	-	512.1	217.3	68.4	567.5	42.4
Short positions ¹	3,716.2	2,298.1	1,062.3	1,235.8	-	-	-	-
Derivative liabilities ²	9,602.4	9,602.8	-	171.6	210.0	205.4	3,695.8	5,320.0
Trade payables	664.3	664.3	-	664.3	-	-	-	-
Accruals and deferred income ³	138.4	229.3	-	141.0	10.5	13.9	60.5	3.4
	23,979.5	22,674.1	2,675.0	8,221.3	843.4	394.9	5,173.7	5,365.8

Company (Audited)

2023	Carrying Amount £ millions	Contractual Amount £ millions	Repayable on demand £ millions	Less than three months £ millions	3-6 months £ millions	6-12 months £ millions	1-5 years £ millions	Over 5 years £ millions
Financial liabilities:								
Deposits by banks	292.1	292.1	2.4	24.3	242.6	22.8	-	-
Customer accounts	897.9	897.9	-	871.5	-	26.4	-	-
Repurchase agreements with banks	1,675.3	1,683.1	737.4	646.0	5.0	11.4	283.3	-
Repurchase agreements with customers	5,273.2	5,274.4	31.2	5,243.2	-	-	-	-
Debt securities in issue	1,616.5	1,720.6	-	627.8	246.4	311.7	503.7	31.0
Short positions ¹	3,305.1	3,422.7	1,035.6	2,384.7	2.4	-	-	-
Derivative liabilities ²	12,833.3	12,833.3	-	72.1	87.9	229.5	4,723.1	7,720.7
Trade payables	579.0	579.0	-	579.0	-	-	-	-
Accruals and deferred income ³	54.0	84.3	-	57.8	4.4	3.0	16.1	3.0
	26,526.4	26,787.4	1,806.6	10,506.4	588.7	604.8	5,526.2	7,754.7

Explanatory notes on residual contractual maturity of financial liabilities

1. Short trading positions
Short trading positions principally comprise short trading positions in debt securities. The contractual maturity of short trading positions has been presented based upon the maturity of the related reverse repurchase contracts through which the Group has borrowed securities to facilitate the trading short trading positions.

2. Derivative liabilities
The contractual maturity of derivative liabilities is based on contractual maturity date and has been represented based on the varying value of the derivatives (net present value) rather than the contractual future cash flows
3. Accruals and deferred income
Included within accruals and deferred income are fees and other coupon related payables. In addition, negative future interest on repurchase agreements are included under contractual amount to the extent of £0.3.million (2023: £2.0 million) for both Group and Company.

7. Regulatory Capital Management

The primary objectives of the Group’s capital management process is to ensure that the regulated Group entities comply with all externally imposed capital requirements and maintain a strong capital position in order to support the Group’s business.

The Group maintains an effectively managed capital base to cover risks inherent in the business. The Capital Requirements Directive and the Capital Requirements Regulation, jointly CRD V are the relevant supervisory statements on the prudential requirements for credit institutions and investment firms within the EU, and have been transposed into UK law following the UK’s departure from the EU. Accordingly the Group’s capital adequacy is monitored under the requirements of CRD V as implemented by the Prudential Regulation Authority.

The Group also performs regular capital projections that include scenario analysis, which are reviewed by the senior management of the Group and are consistent with requirements under Basel Pillar II.

The methodology used by the Group for calculating capital is based upon CRD V standardised approach requirements for market, credit, settlement, credit valuation adjustment and counterparty risk and the Basic Indicator Approach for Operational Risk. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities.

The Group’s regulatory capital is analysed below:

	2024	2023
	£ millions	£ millions
Tier 1 Capital	637.4	627.7
Total capital resources	637.4	627.7

Regulatory capital consists solely of Tier 1 capital as of 31 March 2024. Tier 1 comprises share capital, share premium, retained earnings, current year profit and adjustments as required under the Capital Requirement Regulations.

The Group has complied with all regulatory capital requirements throughout the year.

8. Special Purpose Companies

Control environment

The Group may enter into transactions with customers in the ordinary course of business which involve the establishment of special purpose companies.

Where the transactions involve the use of special purpose companies arranged by the Group, these special purpose companies are authorised upon establishment to ensure appropriate purpose and governance. The activities of the special purpose companies sponsored or administered by the Group are closely monitored by senior management. The Group’s involvement with the most significant types of special purpose companies and related transactions is described below.

Structured credit intermediation transactions

The Group has used special purpose companies to intermediate structured credit transactions. The Group or its related company enter into derivative transactions with these special purpose companies. Such special purpose companies were arranged by the Group.

The Group has used special purpose companies to provide structured credit transactions to third parties who wish to obtain exposure to reference specific securities/asset classes. The third parties obtain the risks and rewards of the reference assets through the notes issued by these special purpose companies.

Consolidation assessments have been carried out with respect to all such special purpose companies. The Group does not treat any of these companies as subsidiaries.



Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and parent Company financial statements in accordance with the Financial Reporting Standard FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- State whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.



Independent Auditor's Report to the Members of Mizuho International plc

Opinion

In our opinion:

- Mizuho International plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's profit for the year then ended.
- The group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- The company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mizuho International plc (the ‘Company’) and its subsidiaries (the ‘Group’) for the year ended 31 March 2024 which comprise:

Group	Company
Consolidated Statement of Financial Position as at 31 March 2024	Company Statement of Financial Position as at 31 March 2024.
Consolidated Statement of Comprehensive Income for the year then ended.	Company Statement of Changes in Equity for the year then ended.
Consolidated Statement of Changes in Equity for the year then ended.	Related notes 1 to 35 to the financial statements including a summary of significant accounting policies.
Consolidated Statement of Cash Flows for the year then ended.	Information added in the Risk and management framework within the Risk Review section identified as ‘audited’ from pages 40 to 71.
Related notes 1 to 35 to the financial statements, including a summary of significant accounting policies.	
Information added in the Risk and management framework within the Risk Review section identified as ‘audited’ from pages 40 to 71.	

The financial reporting framework that has been applied in the preparation of the Group and Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the Group and Company’s ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of management’s Going Concern assessment process and enquired with management to assess the key factors that were considered in their assessment.
- We evaluated management’s going concern assessment which included assessing their evaluation of business and strategic plans, cash forecast, capital adequacy, liquidity and funding positions. It assessed these positions against internal stress tests which included consideration of principal and emerging risks. The Group’s risk profile and risk management practices were considered including credit risk, liquidity risk, market risk, compliance and conduct risk, and operational risk.
- We evaluated management’s assessment by considering future business performance under different scenarios including the impact of the Group’s strategic plans. We also considered other commitments of the Group, including those in respect of its subsidiaries. We audited the assumptions underlying the future projections to supporting documentation and stress tested the different scenario analyses included in management’s assessment. This assessment covered a period of twelve months from the date the financial statements were authorised for issue.

- We assessed the Group’s going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company’s ability to continue as a going concern for a period of twelve months from when the financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group’s ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none">• We performed an audit of the complete financial information of two components under full scope and conducted specified audit procedures on one component.• The components where we performed full audit procedures accounted for 100% of Profit before tax, 100% of Revenue,100% of Total assets and 100% of Equity.
Key audit matters	<ul style="list-style-type: none">• Inappropriate recognition and valuation of software development expenditure through management override of controls.• Revenue recognition risk, including management override of controls.• The risk of inappropriate valuation of fair value positions.
Materiality	<ul style="list-style-type: none">• Overall Group materiality was £7.0m which represents 1% of the Company’s equity (see ‘Our application of materiality’ section below).

An overview of the scope of the Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, the potential impact of climate change, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each company.

Changes from the prior year

On 15 September 2023, a new entity was incorporated in the United Kingdom as a 100% owned subsidiary of the Company. We assigned a specified procedures scope to the new entity, as it was not fully operational until 1 April 2024. We performed audit procedures on this component to address any potential risks of material misstatement to the Group’s financial statements as at 31 March 2024.

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations will be from physical and transition risks. These are explained on pages 13-14 within the Strategic Report and on pages 43-51 within the Risk Review section. All of these disclosures form part of the “Other information,” rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other information”

In planning and performing our audit we assessed the potential impacts of climate change on the Group’s business and any consequential material impact on its financial statements.

The Group has explained in note 1 Basis of preparation how they have reflected the impact of climate change in their financial statements. Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management’s assessment of the impact of climate risk, physical and transition, the effects of climate risks disclosed on pages 43-51 within the Risk Review section and whether the Group’s exposure to assets affected by climate risk is considered not to have a material impact on the financial statements as described in note 1 Basis of preparation. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit. We also challenged the Directors’ considerations of climate change risks in their assessment of going concern and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

In the prior year, our auditor’s report included a key audit matter in relation to the risk of management override of controls relating to inappropriate recognition of software development expenditure, revenue recognition, booking of management provisions and posting of manual topside journal entries. In the current year, we have made the following changes based on our risk assessment.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Inappropriate recognition and valuation of software development expenditure through management override of controls.</p> <p><i>During the financial year, the Group and the Company capitalised £27.2m (2023: £28.7m) and held a balance of £76.7m as at 31 March 2024 (2023: £73.7) of software development expenditure as reported in note 17.</i></p> <p>There are number of system enhancements required due to business needs, changing regulation, or commitments that the Mizuho Group and the Company have agreed to. These system enhancements require management to exercise their judgment to determine whether the costs are eligible for capitalisation or whether the expense should be recognised.</p>	<p>Our walkthrough and tests of controls procedures included:</p> <ul style="list-style-type: none">Performing walkthroughs and testing the design and operating effectiveness of key controls over the software capitalisation process and annual impairment review. We concluded to take a controls reliance approach. <p>Our substantive testing procedures included:</p> <ul style="list-style-type: none">Assessed accounting policies in relation to capitalisation of intangible assets and impairment of non-financial assets.Assessed additions capitalised during the year in accordance with the capitalisation criteria set in FRS 102 and inspected evidence provided by management to substantiate the value of capitalised assets for an extended sample.Obtained an understanding of the nature of intangible assets capitalised and assessed impairment indicators for assets held on the balance sheet as at reporting date on a sample basis.	<p>We assessed that capitalisation criteria for software development expenses are met and the activities such as the design, construction and testing of a chosen alternative for new or improved processes, systems or services were appropriately capitalised.</p> <p>Based on our assessment of the impairment model prepared by management we concluded that the recoverable amount exceeded the carrying value for the CGUs tested – no impairment was recognised.</p> <p>We concluded that the capitalised software development expenditure and related disclosures are fairly stated as at 31 March 2024.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>On an annual basis, the Group assesses whether there are indicators of impairment against non-financial assets. Where there are indicators of impairment of individual assets, the Group compares the carrying amount of the asset to the recoverable amount. The recoverable amount is calculated using the value in use approach which is based on the discounted expected cash flows.</p> <p>The level of risk remains consistent with the prior year.</p>	<ul style="list-style-type: none">Performed inquiries with management throughout our audit to identify changes in IT infrastructure, decommissioned IT systems as well as delays in implementation of new systems.Evaluated the appropriateness of impairment assessment for intangible assets performed on individual basis, including the assessment of the arm’s length mark-up utilised in the discount cash flow model.Assessed appropriateness of identification of CGUs and allocation of intangible assets to specific CGUs or group of CGUs.Evaluated appropriateness of the period over which management projected cash flows in the value in use calculation.Reconciled cash flows in the value in use calculation to the business plan approved by the Board and assessed the reasonableness of the forecast.Involved EY valuation and modelling specialists to assess the reasonableness of the discount rate utilised in the discount cash flow model.Performed sensitivity analysis of recoverable amount to changes in budgeted cash flows, forecast period and discount rate.Assessed the reasonableness of disclosures in the financial statements in accordance with FRS 102.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Revenue recognition risk, including management override of controls.</p> <p><i>For the year ended 31 March 2024, the Group reported fees and commissions of £178.8m (2023: £132.1m), as reported in the Consolidated Statement of Comprehensive Income. The risk associated to the fees and commissions in the Debt Capital Markets (DCM) and Equity Capital Markets (ECM) businesses is a subset of the total fees and commissions reported in note 6.</i></p> <p>Management have certain metrics (e.g. revenue, costs, profit, cost to income ratio) to meet, and as such, could look to manipulate earnings. Due to the challenging macroeconomic environment and losses recognised for four out of five years by the Group, management may feel increased pressure to achieve sustained positive trajectory of earnings under the current business model by manipulating the timing of the revenue recognised. This includes the risk of premature revenue recognition and deferring revenue recognition to future periods.</p> <p>We particularly focus this risk on fees and commissions in the Debt Capital Markets (DCM) and Equity Capital Markets (ECM) businesses, and manual top-side adjustments, included in total fees and commissions income.</p> <p>The level of risk remains consistent with the prior year.</p>	<p>Our walkthrough and tests of controls procedures included:</p> <ul style="list-style-type: none">Performing walkthroughs and testing the design and operating effectiveness of key controls over revenue recognition as well as controls related top-side adjustments. We concluded to take a controls reliance approach. <p>Our substantive testing procedures included:</p> <ul style="list-style-type: none">Evaluated the Group’s accounting policy used to recognise revenue in accordance with FRS 102.Performed tests of details by selecting key items and, when necessary, a representative sample from the defined populations within fees and commissions income to ensure that revenue is recognised in line with FRS 102.Performed procedures to test revenue cut-off at the period-end date until signing of the financial statements to determine whether transactions are recorded in the proper period and to the proper accounts.Tested the appropriateness of journal entries, including top-side adjustments impacting fees and commissions.Investigated unusual/debit balances within revenue.Investigated suspense account balances.	<p>Based on procedures performed we concluded that fee and commission income is fairly stated for the year ended 31 March 2024.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>The risk of inappropriate valuation of the fair value positions.</p> <p><i>At 31 March 2024, the Group reported financial assets measured at fair value of £23,263.9m (2023: £26,208.7m), and financial liabilities measured at fair value of £20,622.8m (2023: £23,059.4m), as reported in the fair value hierarchy in note 30.B of the financial statements.</i></p> <p>The process for fair valuing positions is a significant area of audit effort. We assessed that there was a risk of inappropriate valuation of positions held at fair value by the Group, which primarily arose due to the risk of the improper or inaccurate valuation or measurement of positions, with a heightened focus on higher estimation uncertainty (HEU). We have defined HEU products as those where valuation inputs are unobservable or not readily observable and model-valued positions where the models are complex or have a high degree of subjectivity.</p> <p>Based on our risk assessment, while there is a higher inherent risk around the valuation of fair value positions, this does not represent a significant risk of a material misstatement in the financial statements given limited valuation uncertainty.</p> <p>The level of risk remains consistent with the prior year.</p>	<p>Our testing strategy in relation to the fair value positions focused on a combination of walkthroughs, tests of controls, and substantive testing procedures. We concluded to take a controls reliance approach.</p> <p>Our walkthrough and tests of controls procedures included:</p> <ul style="list-style-type: none">Performing walkthroughs around the Independent Price Verification (IPV) process and the process around model validation.Testing the design and operating effectiveness of key controls around IPV and model validation. <p>Our substantive testing procedures included:</p> <ul style="list-style-type: none">Utilising EY valuation specialists to value a sample of repurchase/ reverse repurchase agreements and derivatives using independent pricing inputs as at an interim date of 31 December 2023 and as at 31 March 2024; and, valuing the population of securities using independent pricing inputs as at 31 March 2024.Conducting management enquiries and inspection of valuation committee minutes to assess that valuations outside of IPV thresholds were being monitored and variances were being appropriately addressed.Testing a sample of distressed assets to assess the value recognised was materially correct.We also inspected year end collateral reports to identify any significant collateral disputes and performed roll-forward procedures which included analysing trading revenues and movements in product carrying value balances to identify any outliers for investigation.	<p>Based on procedures performed we concluded that financial instruments held at fair value are fairly stated as at 31 March 2024.</p>

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the purposes of our audit of the financial statements of the Group and Company to be £7.0 million (2023: £7.0 million), which is 1% (2023: 1%) of the Company’s equity.

We determined our materiality based on equity as the firm has not had sustained profitability historically. Our expectation is that the main users of the financial statements, such as the Prudential Regulation Authority (‘PRA’) and the immediate and ultimate controlling party, view capital preservation as a key consideration. An equity basis of materiality was used similar to the previous year. In addition, we have used the same percentage to determine materiality as the prior year.

We set materiality during the planning phase of our audit using the Company’s equity forecasted position as of 30 June 2023. During the course of our audit, we periodically reassessed the initial materiality and concluded that it remains appropriate based on the actual equity of the Company as of 31 March 2024.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group’s overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £5.3m (2023: £5.3m). We have amended our set performance materiality as part of our risk assessment of the Group and Company based on a number of different risk factors.

As noted above, all audit work performed for the purpose of the audit of the financial statements was undertaken by the group audit team. The Company and its subsidiary have been designated as full scope, with procedures completed using the Company’s materiality. We applied Company’s materiality for the purpose of the audit of Group and Company financial statements.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Compliance Committee that we would report to them all uncorrected audit differences in excess of £352k (2023: £352k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and,
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement set out on page 72, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are regulations, license conditions and supervisory requirements of the Prudential Regulation Authority (‘PRA’) and the Financial Conduct Authority (‘FCA’), the Companies Act 2006, UK Tax Legislation, the Financial Services and Markets Act 2000 and the Financial Services Act 2012. Further, by being part of the larger Mizuho Financial Group, the Group and the Company are directly impacted by the rules of the US Securities and Exchange Commission and the Japanese Financial Services Authority. The Group is also subject to the rules of various exchanges it transacts on, and the International Capital Market Association.

- We understood how the Group and Company are complying with those frameworks through enquiring of management, internal audit, Sarbanes Oxley (SOX) Project Management Office and those responsible for legal and compliance matters. We also performed an inspection of the Group's and the Company's regulatory correspondence, and minutes of the Board and various sub committees.
- We assessed the susceptibility of the Group's and Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Group and the Company have established to address risks identified by the Group, or that otherwise seek to prevent, deter, or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved directly testing controls implemented at the entity level, such as the regular review, maintenance and communication of conduct policies, and the monitoring of compliance by staff of such policies. Further, we tested controls at the individual transaction level which addressed appropriate approval and oversight of the Group's and the Company's activities. We performed journal entry testing, which targeted transactions or postings that have certain characteristics which could be indicative of fraudulent activity, and substantively tested the appropriateness of the posting. We have raised key audit matters in relation to the risk of management override of controls which we considered to be areas of heightened financial statement fraud risk and audit focus. Through these procedures, we are not aware of any significant matters involving actual or suspected non-compliance with laws and regulations.
- The Group and the Company operate in the banking industry which is a highly regulated environment. The primary scope of its regulated activities is the sale and trading of securities and derivatives, and investment banking activities. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

We were appointed by the company on 19 January 2024 to audit the financial statements for the year ending 31 March 2024 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 19 years, covering the years ending 31 March 2006 to 31 March 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.

The audit opinion is consistent with the additional report to the Audit and Compliance Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Ludlam (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor

London
1 July 2024

Financial Statements for the Year Ended 31 March 2024



Consolidated Statement of Comprehensive Income for the year ended 31 March 2024

	Note	2024 £ millions	2023 £ millions
Interest receivable	5	33.3	18.2
Interest payable	5	(103.3)	(38.7)
Net interest payable		(70.0)	(20.5)
Fees and commissions receivable	6	178.8	132.1
Fees and commissions payable	6	(71.9)	(53.4)
Net fees and commissions		106.9	78.7
Dealing profit	7	204.9	130.7
Other operating income	8	2.3	5.5
Net income from operations		244.1	194.4
Administrative expenses	9	(200.7)	(178.3)
Depreciation and amortisation	17, 18	(29.3)	(25.6)
Provisions for liabilities	24	0.9	(0.9)
Operating expenses		(229.1)	(204.8)
Profit / (Loss) on ordinary activities before taxation		15.0	(10.4)
Tax (charge) / credit on profit / (loss) on ordinary activities	10	(1.5)	5.9
Profit / (Loss) for the year		13.5	(4.5)
Other comprehensive income / (loss)			
Profit / (Loss) for the financial year		13.5	(4.5)
Re-measurement losses from defined benefit scheme	25	(0.3)	(0.3)
FX translation (loss) / profit relating to net investment in subsidiary		(0.2)	0.1
Total profit / (loss) recognised before deferred tax		13.0	(4.7)
Deferred Tax		-	-
Total comprehensive income / (loss) for the year		13.0	(4.7)

All of the activities of the Group are classified as continuing.

The Company has taken the exemption from preparing a Statement of Comprehensive Income under Section 408 of the Companies Act 2006.

Consolidated Statement of Financial Position as at 31 March 2024

Registered number: 1203696

	Note	2024 £ millions	2023 £ millions
Assets			
Cash and balances at central banks		328.5	370.4
Loans and advances to banks	12	47.1	46.8
Reverse repurchase agreements with banks		5,131.0	5,841.9
Reverse repurchase agreements with customers		3,059.6	2,303.5
Debt and other fixed income securities	13	5,463.7	5,087.2
Equity shares	14	4.3	6.1
Derivative assets	15	9,707.7	13,072.6
Shares in group undertakings	16	13.2	9.9
Intangible assets	17	76.7	73.7
Tangible fixed assets	18	27.1	27.3
Other assets	19	897.9	449.5
Prepayments and accrued income		177.1	90.0
Total Assets		24,933.9	27,378.9
Liabilities			
Deposits by banks	20	519.1	292.1
Customer accounts	20	707.5	897.9
Repurchase agreements with banks		3,769.7	1,675.3
Repurchase agreements with customers		3,425.7	5,231.3
Debt securities in issue	21	1,395.0	1,616.5
Short trading positions	22	3,925.7	3,418.7
Derivative liabilities	15	9,603.3	12,833.5
Other liabilities	23	651.2	581.4
Accruals and deferred income		212.9	120.5
Provisions for liabilities	24	3.1	4.0
Total Liabilities		24,213.2	26,671.2
Equity			
Called up share capital	27	709.9	709.9
Share premium account		15.6	15.6
Pension reserve		(6.8)	(6.5)
Other reserves		(0.6)	(0.4)
Profit and loss account		2.6	(10.9)
Total Equity		720.7	707.7
Total Liabilities and Equity		24,933.9	27,378.9

The accompanying notes on pages 92 to 151 and the audited sections in the Risk review section on pages 40 to 71 form an integral part of these financial statements.

Approved and authorised for issue by the Board of Directors on and signed on its behalf by

Suneel Bakhshi
President and Chief Executive Officer
28 June 2024

Company Statement of Financial Position as at 31 March 2024

Registered number: 1203696

	Note	2024 £ millions	2023 £ millions
Assets			
Cash and balances at central banks		328.5	370.4
Loans and advances to banks	12	38.7	37.1
Loans and advances to customers	12	31.9	21.9
Reverse repurchase agreements with banks		5,088.6	5,841.9
Reverse repurchase agreements with customers		3,098.3	2,332.6
Debt and other fixed income securities	13	5,252.0	4,939.6
Equity shares	14	4.2	6.1
Derivative assets	15	9,706.6	13,072.3
Shares in group undertakings	16	47.0	44.1
Intangible assets	17	76.7	73.7
Tangible fixed assets	18	26.6	26.5
Other assets	19	897.7	443.6
Prepayments and accrued income		179.9	90.9
Total Assets		24,776.7	27,300.7
Liabilities			
Deposits by banks	20	518.2	292.1
Customer accounts	20	708.5	897.9
Repurchase agreements with banks		3,769.7	1,675.3
Repurchase agreements with customers		3,466.8	5,273.2
Debt securities in issue	21	1,395.0	1,616.5
Short trading positions	22	3,716.2	3,305.1
Derivative liabilities	15	9,602.4	12,833.3
Other liabilities	23	672.5	582.6
Accruals and deferred income		207.8	116.3
Provisions for liabilities	24	2.9	3.8
Total Liabilities		24,060.0	26,596.1
Equity			
Called up share capital	27	709.9	709.9
Share premium account		15.6	15.6
Pension reserve		(6.8)	(6.5)
Profit and loss account		(2.0)	(14.4)
Total Equity		716.7	704.6
Total Liabilities and Equity		24,776.7	27,300.7

The Company's profit after taxation for the year ended 31 March 2024 was £12.4 million (2023: loss after taxation of £0.2 million).

Approved and authorised for issue by the Board of Directors on and signed on its behalf by

Suneel Bakhshi
President and Chief Executive Officer
28 June 2024

Consolidated Statement of Changes in Equity for the year ended 31 March 2024

	Share capital £ millions	Share premium account £ millions	Pension Reserve £ millions	Other reserves ¹ £ millions	Profit and loss account £ millions	Total equity £ millions
At 1 April 2022	709.9	15.6	(6.2)	(0.5)	(6.4)	712.4
Loss for the year	-	-	-	-	(4.5)	(4.5)
Other comprehensive income / (loss)	-	-	(0.3)	0.1	-	(0.2)
At 31 March 2023	709.9	15.6	(6.5)	(0.4)	(10.9)	707.7
At 1 April 2023	709.9	15.6	(6.5)	(0.4)	(10.9)	707.7
Profit for the year	-	-	-	-	13.5	13.5
Other comprehensive income / (loss)	-	-	(0.3)	(0.2)	-	(0.5)
At 31 March 2024	709.9	15.6	(6.8)	(0.6)	2.6	720.7

Explanatory note to the Statement of Changes in Equity

- Other reserves consists of currency translation reserve balance representing the cumulative gains and losses on the retranslation of the Group's net investment in foreign operations, net of hedging impact.

Company Statement of Changes in Equity for the year ended 31 March 2024

	Share capital £ millions	Share premium account £ millions	Pension Reserve £ millions	Profit and loss account £ millions	Total equity £ millions
At 1 April 2022	709.9	15.6	(6.2)	(14.2)	705.1
Loss for the year	-	-	-	(0.2)	(0.2)
Other comprehensive income / (loss)	-	-	(0.3)	-	(0.3)
At 31 March 2023	709.9	15.6	(6.5)	(14.4)	704.6
At 1 April 2023	709.9	15.6	(6.5)	(14.4)	704.6
Profit for the year	-	-	-	12.4	12.4
Other comprehensive income / (loss)	-	-	(0.3)	-	(0.3)
At 31 March 2024	709.9	15.6	(6.8)	(2.0)	716.7

Consolidated Statement of Cash Flows for the year ended 31 March 2024

	Note	2024 £ millions	2023 £ millions
Operating activities			
Profit / (loss) before tax		15.0	(10.4)
Adjusted for:			
– Non-cash items included in profit / (loss) before tax	29	(23.0)	(6.3)
– Provision for liabilities		(0.9)	0.9
– Movement in Other Comprehensive Income		(0.4)	(0.1)
Loss before tax net of non-cash items		(9.3)	(15.9)
– Change in operating assets	29	2,479.7	(5,424.2)
– Change in operating liabilities	29	(2,313.4)	5,456.5
Profit / (loss) before tax net of working capital movements		157.0	16.4
Interest paid		(92.7)	(0.1)
Interest received		139.8	11.0
Tax received / (paid)		12.6	(2.0)
Net cash flows from operating activities		216.7	25.3
Investing activities			
Net investment in shares in group undertakings		(0.1)	(0.5)
Dividends from investment in shares in group undertakings		0.2	0.3
Purchase of intangible assets		(27.2)	(28.7)
Purchase of tangible assets		(5.8)	(2.7)
Net cash flows used in investing activities		(32.9)	(31.6)
Financing activities			
Net repayment from debt securities in issue		(221.2)	(139.6)
Net cash flows used in financing activities		(221.2)	(139.6)
Net (decrease) / increase in cash and cash equivalents		(37.4)	(145.9)
Effects of exchange rates on cash and cash equivalents		(4.2)	4.3
Cash and cash equivalents at beginning of the period		417.2	558.8
Cash and cash equivalents at the end of the period	29	375.6	417.2

The Company has taken the FRS102.1.12(b) exemption from preparing a Statement of Cash Flows.



Notes to the Consolidated and Company Financial Statements

1. Basis of preparation

Mizuho International plc is a public limited company incorporated in the United Kingdom and registered in England and Wales. The Registered Office is 30 Old Bailey, London, EC4M 7AU.

The Group's and the Company's financial statements have been prepared in compliance with Financial Reporting Standard FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102") and in accordance with the provisions relating to Banking Companies and Schedule 2 of the Companies Act 2006.

Risk related disclosures which are required under the applicable Financial Reporting Standard, along with Regulatory Capital information, have been included within the Risk Review section on pages 40 to 71.

In preparing the financial statements, the directors have considered the impact of the physical and transition risks of climate change and identified this within the principal risks and uncertainties as set out in the Strategic Report and Risk Review sections but concluded that it does not have a material impact on these financial statements as at 31 March 2024.

Accounting policies

The accounting policies that are significant in the context of the Group's financial statements are described in Note 3. The accounting policies adopted by the Group in the preparation of the financial statements are consistent with those in the previous year. "Group" refers to the Group and the Company in the accounting policies that follow.

Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified for derivative financial instruments, financial assets and liabilities at fair value through profit and loss, which are measured at fair value.

Going concern

In preparing the Group and Company financial statements, the Directors must satisfy themselves that it is reasonable for them to adopt the going concern basis. The Group's Directors, having given due consideration to various factors, including the Group's principal risks, forecasts and business plans, which incorporate an

assessment of both internal and regulatory capital adequacy and its sensitivity to various stress scenarios, believe that there are no material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Management continues to monitor the impact of various geo-political and global macro-economic uncertainties on the Group, the industry and the economies in which the Group operates. Despite these market uncertainties, the Group's commitment and aspiration has not changed. The Group's strategy builds further on the CIB strategy through broader integration and capture of Front Office synergies between Banking and Markets. Accordingly, the Directors believe the preparation of the financial statements on a going concern basis remains appropriate, as the Group expects to be able to meet its obligations as and when they fall due for a period of 12 months from the date of approval of the Financial Statements.

Presentation currency

The financial statements are presented in Sterling which is the Group's presentation currency and the financial information is presented in £ millions and has been rounded to the nearest £100,000 unless otherwise indicated.

Segmental analysis

Segmental analysis of income and net assets has not been prepared as the Group has only one class of business, being investment banking, operates in a global market which is not defined by geographical bounds, and transacts in a homogenous set of products and services across a consistent client base. The Group does not operate in countries or groups of countries which could provide useful information by being segmented based on stability of regime, exchange control regulations, or exchange rate fluctuations.

2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2024. The Group consolidates a subsidiary when it controls it. Control is the power to govern the financial and operating policies of a subsidiary so as to obtain benefits from its activities.

Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control.

Control also exists when the parent owns half or less of the voting power of an entity but it has:

- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the Board of Directors or equivalent governing body and control of the entity is by that board or body; or
- power to cast the majority of votes at meetings of the Board of Directors or equivalent governing body and control of the entity is by that board or body.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Significant accounting policies

A – Financial instruments

The Group applies IAS 39: Financial Instruments for the recognition and measurement of financial instruments.

Regular way purchase or sale of financial assets (excluding derivatives)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

For regular way purchases and sales, settlement date accounting is applied for the purposes of recognising and de-recognising financial assets.

Recognition

Financial instruments are recognised when the Group becomes party to the contractual provisions of the relevant financial asset or financial liability. Financial instruments are initially recorded at fair value plus, in the case of financial instruments not measured at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

De-recognition of financial assets

A financial asset is de-recognised when:

- The contractual rights to receive the cash flows from the asset expire; or
- The Group has transferred substantially all the risks and rewards of the financial asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred control of the financial asset.

Where the Group neither transfers nor retains substantially all of the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the Group will account for its continuing involvement in the asset. Under this approach, the Group will continue to recognise the transferred asset to the extent of the continuing involvement in that asset and recognise an associated liability such that the net carrying value of the transferred asset and associated liability is equal to the fair value of the retained rights and obligations.

De-recognition of financial liabilities

Financial liabilities are de-recognised when they have been extinguished as a result of the cancellation, discharge or expiry of the obligations specified in the contract.

Offsetting

Financial assets and liabilities are set off and the net amount presented on the Statement of Financial Position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards, or where gains and losses arise from a group of similar transactions, such as the Group's trading activities.

B – Trading financial instruments

Non-derivative financial instruments are classified as held for trading if they are acquired for the purpose of selling in the near term or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Non derivative trading financial instruments include reverse repurchase and repurchase agreements, trading debt, trading loans and trading equity securities. Subsequent to initial recognition, trading financial instruments are measured at fair value. Changes in fair value, and gains or losses realised on de-recognition, are recognised in the Statement of Comprehensive Income and reported under Dealing profit.

C – Derivative financial instruments

Trading derivative instruments

Subsequent to initial recognition, trading derivative instruments are measured at fair value and disclosed as financial assets when the fair value is positive and financial liabilities when the fair value is negative. Changes in fair value, and realised gains or losses, are recognised in the Statement of Comprehensive Income and reported under Dealing profit.

Derivative financial instruments held for risk management purposes

Derivative financial instruments held for risk management purposes include swaps and other derivative financial instruments which are used to hedge the Group's debt securities in issue (see accounting policy D – Hedge accounting). These instruments are measured and presented in the same manner as trading derivative instruments.

Embedded derivatives

Derivatives embedded within financial instruments that are not held for trading or designated at fair value through profit and loss are separated from their host contracts and accounted for as derivatives if the economic characteristics of the embedded derivative are not closely related to those of the host contract and if a separate instrument with the terms of the embedded derivative meets the definition of a derivative.

Embedded derivatives are separated from their host contracts and are measured and presented in the same manner as trading derivative instruments at fair value through profit and loss.

D – Hedge accounting

The Group uses derivative financial instruments and debt instruments to manage exposure to interest rate risk, credit risk, currency risk and price risk. The Group applies hedge accounting when a transaction meets the criteria necessary to obtain hedge accounting treatment.

A hedging relationship qualifies for hedge accounting if the following conditions are met:

- At inception, formal documentation is prepared to include:
 - Designation of the hedging relationship;
 - Identification of the hedging instrument and hedged item;
 - Nature of the risk being hedged; and
 - Description of how hedge effectiveness will be assessed.
- The hedge is expected to be highly effective (80 to 125%), and its effectiveness can be reliably measured; and
- The hedge is assessed for effectiveness on an ongoing basis.

The Group prospectively discontinues hedge accounting for a hedged relationship if:

- The hedging instrument expires or is sold, terminated or exercised;
- The hedge no longer meets the criteria for hedge accounting; or
- The Group revokes the designation.

Fair value hedge

Hedge accounting is applied where a designated fair value hedging relationship exists between a derivative hedging instrument (see accounting policy C – derivative financial instruments held for risk management purposes) and a hedged financial liability. A fair value hedge of a financial liability represents a hedge against changes to the fair value of a liability that is attributable to a particular risk that could impact the Statement of Comprehensive Income.

The gain or loss from re-measuring the hedging instrument at fair value is recognised in the Statement of Comprehensive Income under Dealing Profit. The gain or loss on the hedged financial liability attributable to the hedged risk is also recognised in the Statement of Comprehensive Income under Dealing Profit.

If hedge accounting is discontinued, for hedged financial liabilities recorded at amortised cost the fair value adjustment is amortised over the remaining term of the original hedge. If the hedged financial liability is de-recognised, the unamortised fair value adjustment is recognised immediately in the Statement of Comprehensive Income.

Net investment hedge

The Group's net investments in foreign operations, including monetary items as part of the net investment, are hedged for foreign currency risks using foreign currency borrowings. The effectiveness of the hedge is assessed on a monthly basis both prospectively and retrospectively. The effective portion of any gains or losses is recognised in Other Comprehensive Income and any ineffective portion is recognised in the Statement of Comprehensive Income. The cumulative gains or losses recognised in Other Comprehensive Income are recognised in the Statement of Comprehensive Income on full or partial disposal of the foreign operation, or other reductions in the Group's investment in foreign operation. Changes in the GBP value of net investments due to foreign currency movements are captured in the currency translation reserve and presented under Other Reserves within Equity.

E – Financial instruments designated as at fair value through profit and loss

The Group may designate financial assets and financial liabilities at fair value through profit and loss when either:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis in accordance with a documented risk management or investment strategy;
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- The asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

Fair value gains or losses, together with net interest income/expense, arising from financial instruments designated as at fair value through profit and loss are recognised in the Statement of Comprehensive Income account and reported under Dealing profit. The amount of each class of financial asset or liability that has been designated at fair value through profit and loss is set out in Note 30.

F – Equity shares

The Group classifies equity shares at fair value through profit and loss. These are measured as described in accounting policy E.

G – Loans and advances

Subsequent to initial recognition, loans and advances are measured at amortised cost using the effective interest method (see Accounting Policy N) less impairment (see Accounting Policy M), with any resulting interest income taken to the Statement of Comprehensive Income.

H – Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date (repurchase agreements) are not de-recognised from the Statement of Financial Position. The corresponding cash received, including accrued interest is recognised on the Statement of Financial Position as Repurchase Agreements reflecting its economic substance as a loan to the Group

Securities purchased under agreements to resell at a specified future date (reverse repurchase agreements) are not recognised on the Statement of Financial Position. The corresponding cash paid including accrued interest is recognised on the Statement of Financial Position as Reverse Repurchase Agreements reflecting its economic substance as a loan receivable by the Group.

Repurchase and reverse repurchase agreements are classified as held for trading at fair value through the Statement of Comprehensive Income, except where designated as banking book based on an underlying intent involving solely payment of principal and interest and which does not involve a short term profit making objective. Where a banking book election is made, Repurchase and reverse repurchase agreements are measured at Amortised Cost using the effective interest method (see Accounting Policy N).

Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities or cash. The transfer of the securities to counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred. Cash advanced or received as collateral is recorded as an asset or liability.

Securities borrowed are not recognised in the Statement of Financial Position, unless they are then sold to third parties, in which case, the obligation to return the securities is recorded as a short sale within financial liabilities held for trading and measured at fair value with any gains or losses included in Dealing profit.

I – Deposits and debt securities in issue

Deposits and debt securities in issue are measured at amortised cost using the effective interest method except where the Group has designated financial liabilities as at fair value through profit and loss.

The Group has designated certain issued debt securities as at fair value in the previous years. These financial liabilities are measured as described in accounting policy E.

J – Fair value measurement

Fair value is the amount at which an asset could be exchanged, a liability settled, or an equity instrument granted, between knowledgeable, willing parties in an arm’s length transaction. Financial instruments measured at fair value comprise:

- Trading financial instruments;
- Trading derivatives and derivatives held for risk management purposes;
- Embedded derivatives; and
- Financial assets and financial liabilities designated as at fair value through profit and loss.

Fair values are derived from quoted market prices or valuation techniques as described below:

Active market

Financial instruments that trade within an active market are valued using quoted market prices or rates available within that market. An active market exists where regular prices are provided by exchanges, dealers, brokers, industry groups or pricing services, and these prices represent actual market transactions.

Financial instruments may be priced from the most advantageous active market to which the Group has access, and this may result in the recognition of revenue on trade date (‘day one profit’), to the extent that a fair value instrument has been traded at a favourable price in comparison to prices available within an active market.

Long positions are marked to the bid side, and short trading positions to the offered side of an active market. Where the Group holds positions which create offsetting risk positions, then those offsetting positions are valued at mid-market rates, with any resulting net risk positions being marked to the bid or offered side as appropriate.

No active market

Financial instruments that do not trade within an active market are valued using a valuation technique, which may consist of:

- Analysis of current or recent third party transactions in the same instrument; or
- Reference to the value of other instruments, that are substantially the same as the instrument to be valued; or
- Use of a valuation model.

Valuation techniques, including valuation models, meet the following conditions:

- Consistency with accepted methodologies for pricing financial instruments;
- Inclusion of all relevant factors that market participants would consider in setting a price;
- Use of market observable data where possible; and
- Periodic calibration to actual market transactions where possible.

Deferral of day one profits

If, on trade date, a valuation technique results in a different estimate of fair value to the actual transaction price, then the valuation technique will be calibrated to the transaction price, so that no gain or loss is recognised except as described below.

Gains or losses will only be recognised subsequently, to the extent that they arise from changes in a factor (including time) that market participants would consider in setting a price.

Fair value estimates from valuation techniques may be used on trade date without calibration to the transaction price, resulting in the recognition of day one gains and losses, under the following conditions:

- Fair value is supported by current market transactions in the same instrument; or
- Fair value is based upon a valuation technique whose variables include only data from observable markets.

Day one gains or losses that do not meet these criteria are deferred and amortised over the life of the financial instrument to which they relate.

K – Cash and balances at central banks

Cash and balances at central banks in the statement of financial position comprise cash held with central banks and short term deposits with an original maturity date of three months or less. These balances are measured at amortised cost using the effective interest method less impairment, with any resulting interest income taken to the Statement of Comprehensive Income.

L – Foreign currencies

Foreign currency carrying values at initial recognition are translated into the functional currency at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency of the Group at the mid-market rates of exchange ruling at the balance sheet date. Foreign currency translation differences are included in Net income from operations.

Non-monetary items that are measured at historical cost in a foreign currency are translated into functional currency at the original transaction rate.

On consolidation, the results of overseas business are translated into the presentation currency of the Group at the average exchange rates for the period where these approximate to the rate at the date of transaction. Assets and liabilities of overseas business are translated into the presentation currency of the Group at the exchange rate prevailing at the balance sheet date. Exchange differences arising are taken to other comprehensive income and then classified as other reserves.

M – Identification and measurement of impairment

Financial assets

At the end of each financial reporting period, an assessment is made as to whether there is any objective evidence of impairment in the value of financial assets. Impairment losses are recognised when objective evidence demonstrates that a loss event has occurred after the initial recognition of the financial asset, and that the loss event has an impact on the future cash flows on the financial asset that can be estimated reliably.

Impairment losses on financial assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in the Statement of Comprehensive Income and reflected in an allowance account against the impaired financial asset category. Interest on impaired assets continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Income. Any reversal is limited to the extent that the value of the asset may not exceed the original amortised cost of the asset had no impairment been recognised.

Non-financial assets

On an annual basis, the Group will assess whether there are indicators of impairment against non-financial assets. Where there are indicators of impairment of individual assets, the Group will compare the carrying amount of the asset to the recoverable amount. The recoverable amount is determined as the higher of fair value less costs to sell or a value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include significant future investments

that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in the Statement of Comprehensive Income unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

An impairment loss recognised for all assets is reversed in a subsequent period if and only if the reasons for the impairment loss have ceased to apply. Any reversal is limited to the extent that the value of the asset may not exceed the original amortised cost of the asset had no impairment been recognised.

N – Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and that revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income and expense

Interest income and expense, in respect of financial instruments that are not recognised at fair value through profit and loss, are recognised in the Statement of Comprehensive Income using the effective interest method and are reported under interest receivable and payable. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of a financial asset or financial liability, or a shorter year where appropriate, to the carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability. The calculation of the effective interest rate includes all the fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Negative effective interest on financial liabilities is presented under interest receivable.

Fees and commissions

Fees and commissions are recognised as the service is performed. For services provided over a period of time, the income and expenses are recognised as the services are provided or received. For transaction based services, the income and expenses are recognised on completion of the underlying transaction.

Dealing profit / loss

Dealing profit / loss comprises gains less losses related to trading financial assets, trading financial liabilities, derivative instruments held for risk management purposes and the fair value hedge adjustments relating to the hedged items, and financial instruments designated as at fair value through profit and loss.

This includes all associated realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

O – Tangible fixed assets and depreciation

Tangible fixed assets held for use in the business are stated at cost less accumulated depreciation and impairment allowances (impairment is described further in accounting policy M). Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

- Short leasehold properties are written off on a straight line basis over the remaining life of the lease or twenty-five years, whichever is shorter; and
- Fixtures, equipment and vehicles are depreciated on a straight line basis over periods between two and five years.

P – Intangible assets and amortisation

Intangible assets (purchased or internally generated) which are available for use are classified as Software, stated at cost less accumulated amortisation and impairment allowances (impairment is described further in accounting policy M).

Intangible assets classified as Software Development Expenditure include costs that are directly attributable to the development and bringing into use significant computer software systems, which are not yet deemed to be available for use. Amortisation is only applied once the asset is deemed available for use, and reclassified to Software.

Development costs for internal projects are capitalised when:

- it is feasible the project will be made available for use,
- there is the intention to complete the project,
- the intangible asset generated from the project has the ability to be used,
- it will generate probable future economic benefits,
- adequate resources are available to complete the project, and
- expenditure can be reliably attributed to the intangible asset during development.

This is assessed on a project by project basis. The development costs for any projects not meeting these capitalisation requirements will be expensed as incurred.

Software intangible assets are amortised on a straight line basis over their useful lives. The useful economic lives of software assets are determined to be either four or five years.

Q – Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are the differences between the Group taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent years.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

R – Operating leases

The Group has entered into commercial property leases as the lessee. As the lessee, it obtains the use of the property. The classification of such leases as an operating lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangement, whether it does not retain or acquire significant risks and rewards of ownership of these assets and accordingly the lease is not required to be recognised as an asset and liability in the Statement of Financial Position.

In the instance a portion of the building space is sublet, the rental income is classified as other operating income.

Operating lease income and expenses are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

S – Share based payments

The Group engages in share based payment transactions in respect of services received from certain employees of the Group. These payments may be cash or physically settled at the election of the employee on vesting. The fair value of the services received is measured by reference to the fair value of the shares granted. The cost of the employee services received in respect of the shares granted is recognised in the Statement of Comprehensive Income over the period that the services are received. With regard to continuing employees, the service year corresponds to the vesting year of the share awards, whilst the service years of former employees who retain rights as good leavers, are deemed to end once employment with the Group has ceased. The share based payment scheme is considered to be a cash settled scheme, because the Group has granted rights to equity instruments of its ultimate parent to its employees.

The cost of cash settled transactions is measured at fair value using the underlying share price. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period, a liability is recognised representing the product of the fair value of the award and the portion of

the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in Statement of Comprehensive Income.

T – Pension costs

The Group operates defined contribution schemes and a defined benefit scheme.

Defined contribution schemes

Contributions to defined contribution schemes are recognised within the Statement of Comprehensive Income in the year in which they become payable.

Defined benefit scheme

This scheme is closed to new entrants and has no active remaining members.

The defined benefit pension scheme requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method, which attributes entitlement to benefits to the prior years (to determine the present value of defined benefit obligation) and is based upon actuarial advice.

Past service costs are recognised in the Statement of Comprehensive Income on a straight line basis over the vesting year or immediately if the benefits have vested. The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year.

The interest on scheme assets is based on an assessment made at the beginning of the year of long term market returns on scheme assets, adjusted for the effect on the fair value of scheme assets of contributions received and benefits paid during the year. The difference between the interest on scheme assets and the interest cost is recognised in the Statement of Comprehensive Income as other finance income or expense.

Actuarial gains and losses, including any that have resulted from buy-in transactions, are recognised in full in Other Comprehensive Income in the year in which they occur.

The total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised and less the fair value of scheme assets gives rise to a defined benefit pension liability or surplus. The fair value of scheme assets is based on market price information.

Defined benefit pension liabilities are recognised on the Statement of Financial Position, whilst defined benefit pension surpluses are only recognised to the extent of their recoverability. Defined benefit pension surpluses are determined to be recoverable only where refunds have been agreed by scheme trustees at the balance sheet date.

U – Provisions and contingent liabilities

The Group recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

Contingent liabilities are possible obligations whose existence will only be confirmed by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

V – Investment in subsidiary

In the parent company, investment in subsidiary is accounted at cost less any impairment allowances.

4. Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The results of the Group are sensitive to accounting policies, assumptions and estimates that underlie the preparation of the financial statements. “Group” refers to the Group and the Company in the estimates and judgements that follow.

When preparing the financial statements, it is the Directors’ responsibility under applicable UK law to select suitable accounting policies and make judgements and estimates that are reasonable and prudent. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The accounting policies that are deemed critical to the Group’s financial performance and position, in terms of the materiality of the items to which the policy is applied, or which involve a high degree of judgement and estimation are summarised below:

Defined benefits obligation

The valuation of the defined benefits liability at the balance sheet date and the related staff costs depend on the expected future benefits to be provided, which in turn is determined using a number of economic and demographic assumptions. A range of assumptions could be applied, and different assumptions could significantly alter the defined benefit liability and pension expense recognised. The most significant assumptions include inflation-linked assumptions (CPI and RPI), the discount rate and life expectancy. For more information, please refer to Note 25 Pension Liabilities.

Valuation of financial instruments

The Group accounting policy for valuation of financial instruments is set out in accounting policy 3J. The valuation techniques used in measuring fair value of financial instruments are discussed further in Note 30C.

Where valuation techniques are used, the inputs to these models are taken from observable markets where possible. Where observable market data is not available, a degree of judgement is required in establishing fair value.

Further disclosure on valuation techniques using non-observable market data is provided in Note 30C. Sensitivity analysis is provided in the Risk Review section.

Provisions

The Group recognises provisions when there is an obligation at reporting date (legal or constructive) resulting from a past event and it is probable that a transfer of economic benefits will be required and a reliable estimate can be made as to the amount of the obligation.

Provisions are distinguished from other liabilities, as there is uncertainty about the timing or amount of future expenditure required to settle the obligation, and the Group recognises provisions based upon its best estimate of such expenditure.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group assesses impairment on its non-financial assets in accordance with Accounting Policy 3M, which is based on the identification of Cash Generating Units (“CGUs”) that are associated with the assets, the estimation of future cash flows and the application of a Discounted Cash Flow (“DCF”) model to determine value in use. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Where necessary, adjustments to future cash-flows are made to reflect arm’s length prices. These estimates are most relevant to Intangible assets which are disclosed in Note 17.

6. Fees and Commissions

	2024 £ millions	2023 £ millions
Fees and commissions receivable		
- Trading activities	168.2	119.5
- Fiduciary services	10.6	12.6
	<u>178.8</u>	<u>132.1</u>
Fees and commissions payable		
- Trading activities	(71.8)	(53.3)
- Fiduciary services	(0.1)	(0.1)
	<u>(71.9)</u>	<u>(53.4)</u>

5. Net Interest Payable

	2024 £ millions	2023 £ millions
Interest receivable		
- Cash and balances at central banks and Loans and advances to banks	18.7	12.3
- Other ¹	14.6	5.9
	<u>33.3</u>	<u>18.2</u>
Interest payable		
- Deposits by Banks and Customers accounts	(53.7)	(22.0)
- Debt securities in issue	(39.5)	(12.9)
- Other ¹	(10.1)	(3.8)
	<u>(103.3)</u>	<u>(38.7)</u>

Explanatory notes on other

1. Other includes interest income/expense from cash collateral, repurchase/reverse repurchase agreements at amortised cost and negative interest (if any) on debt securities in issue and deposits.

7. Dealing Profit

	2024 £ millions	2023 £ millions
Net interest income from financial instruments held for trading	126.5	43.2
Net interest expense from financial instruments designated at fair value	(0.1)	(0.1)
Net gains from financial instruments held for trading	73.5	85.1
Net gains from financial instruments designated at fair value	5.0	2.5
	<u>204.9</u>	<u>130.7</u>

Dealing profit includes foreign currency gains arising on the translation of foreign currency monetary assets and liabilities amounting to £0.6 million profit (2023: £0.2 million loss).

8. Other Operating Income

	2024 £ millions	2023 £ millions
Rental income	2.3	2.4
Net third party contribution on defined benefit scheme (Note 25)	-	-
Other	-	3.1
	<u>2.3</u>	<u>5.5</u>

9. Administrative Expenses

	2024	2023
	£ millions	£ millions
Staff costs		
Wages and salaries	94.1	85.0
Social security costs	11.0	10.9
Pension costs – defined contribution schemes	5.3	4.6
Share based payments	6.8	3.7
	<u>117.2</u>	<u>104.2</u>
Auditors' remuneration		
Audit fees	1.3	1.1
Other assurance services	0.2	0.1
	<u>1.5</u>	<u>1.2</u>
Rental charges payable under operating leases	5.4	5.4
Other administrative expenses	76.6	67.5
	<u>82.0</u>	<u>72.9</u>
	<u>200.7</u>	<u>178.3</u>
Average number of employees	2024	2023
	Number	Number
Executive and senior managerial	117	121
Other managerial, supervisory and clerical	436	424
	<u>553</u>	<u>545</u>

Directors' emoluments

	2024	2023
	£ millions	£ millions
Directors' emoluments in respect of qualifying services	<u>4.1</u>	<u>3.8</u>
	2024	2023
	Number	Number
Number of directors who received shares in respect of qualifying services	1	2
Number of directors to whom retirement benefits are accruing under the Company's defined contribution scheme	<u>1</u>	<u>1</u>
	2024	2023
	£ millions	£ millions
Aggregate emoluments of highest paid Director	<u>2.4</u>	<u>1.9</u>
Pension contributions made to highest paid Director	<u>nil</u>	<u>nil</u>

Part of the compensation of the highest paid director is deferred to future years, of which £0.4 million (2023: £0.2 million) relates to deferred share awards.

10. Tax on Profit on Ordinary Activities

	2024	2023
	£ millions	£ millions
Charge for taxation		
Current taxation		
UK corporation tax for the current year	1.7	(1.0)
Foreign tax	0.2	0.2
Prior year adjustments	(0.4)	(5.1)
Current tax charge / (tax credit)	<u>1.5</u>	<u>(5.9)</u>
Deferred taxation		
Deferred tax charge	-	-
Tax on profit / (loss) on ordinary activities	<u>1.5</u>	<u>(5.9)</u>

Total taxation reconciliation

A reconciliation between the tax expense and the accounting profit multiplied by UK standard rate of corporation tax is as follows:

	2024 £ millions	2023 £ millions
Profit / (Loss) on ordinary activities before taxation	15.0	(10.4)
Profit/Loss on ordinary activities multiplied by the standard rate 25%	3.8	(2.0)
Effects of:		
- Movements in unrecognised deferred taxes	(1.1)	0.8
- Net of income not taxable and expenses not deductible for tax purposes	0.3	1.4
- Group relief received in excess of 25% (FY22/23:19%)	(1.1)	(1.0)
- Prior year adjustments	(0.4)	(5.1)
Current tax expense/tax credit	1.5	(5.9)

With effect from 1 April 2023, the rate of corporation tax increased from 19% to 25% and the rate of Banking Surcharge decreased from 8% to 3%. These changes were enacted in 2021 and 2022 respectively.

As in prior years, no deferred tax balance continues to be recognised on the Balance Sheet for the excess deferred tax assets, in line with the prior year as the Directors have concluded that the level of anticipated future profits will not support the quantum of deferred tax currently unrecognised at the Balance Sheet date. At 31 March 2024, the Company had an unrecognised deferred tax asset of £467.2 million (2023: £470.7 million), which includes trading losses with a gross value of £1,839.2 million (2023: £1,841.9 million). Under current UK tax legislation there is no prescribed time period for loss utilisation. The Company has deferred tax liabilities of £2.6 million which are offset by the equivalent amount of deferred tax assets.

During the year the Company allocated 72% of its £50 million portion of the banking surcharge allowance for current year £36.0 million to related party, Mizuho Bank, London Branch for which it will receive £1.1 million payment at the rate which Mizuho Bank, London branch pays UK banking corporation tax surcharge at 3%.

OECD Pillar Two model rules pillar has been enacted or substantively enacted in certain jurisdictions the Mizuho Group operates in. The legislation will be effective for the Group's financial year beginning 1 April 2024. The Group is in scope of the enacted or substantively enacted legislation and is currently performing an assessment of the potential exposure to Pillar Two income taxes.

The UK has implemented domestic minimum top up tax rules ("QDMTT") which apply to the Mizuho UK constituent entities for the financial year beginning 1 April 2024. The Mizuho UK entities' assessment of QDMTT is based on the most recent country-by-country report filed by the Group, being the year ending 31 March 2023. Since this shows a UK combined effective tax rate significantly higher than 15%, it is anticipated that the UK entities will fall within the QDMTT transitional safe harbour, and therefore no liability will arise under QDMTT. The UK entities are continuing their assessment, including the gathering of data for the year ended 31 March 2024.

In line with the FRC's amendments to FRS 102, the company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Deferred taxation

Deferred tax recognised

	Deferred tax liabilities		Deferred tax assets		
	Investments £ millions	Intangible fixed assets £ millions	Losses £ millions	Property, plant and equipment £ millions	Total £ millions
Deferred tax (liability) / asset at 1 April 2022	(0.8)	(0.3)	0.3	0.8	-
Credit / (charge) to profit	(0.1)	(1.8)	1.8	0.1	-
Deferred tax (liability) / asset at 31 March 2023	(0.9)	(2.1)	2.1	0.9	-
Credit / (charge) to profit	0.1	0.3	(0.3)	(0.1)	-
Deferred tax (liability) / asset as at 31 March 2024	(0.8)	(1.8)	1.8	0.8	-

11. Transferred financial assets and assets held or pledged as collateral

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of those financial assets that have been transferred in such a way as to not be fully derecognised, together with the associated liabilities:

Group

	Government debt securities £ millions	Other debt securities £ millions	Total £ millions
2024			
Carrying amount assets	192.6	1,827.3	2,019.9
Carrying amount associated liabilities	136.8	1,647.8	1,784.6
2023	Government debt securities £ millions	Other debt securities £ millions	Total £ millions
Carrying amount assets	464.9	720.9	1,185.8
Carrying amount associated liabilities	322.0	763.6	1,085.6

Company

	Government debt securities £ millions	Other debt securities £ millions	Total £ millions
2024			
Carrying amount assets	330.7	1,662.3	1,993.0
Carrying amount associated liabilities	132.0	1,629.3	1,761.3
2023	Government debt securities £ millions	Other debt securities £ millions	Total £ millions
Carrying amount assets	434.8	720.9	1,155.7
Carrying amount associated liabilities	288.8	763.6	1,052.4

These financial assets have been transferred through repurchase agreements, and there are no liabilities that have recourse only to the transferred assets.

The Group and the Company have a programme to borrow and lend securities, to sell securities under agreements to repurchase (repos) and to purchase securities under agreements to resell (reverse repos).

The securities lent or sold under agreements to repurchase are transferred to a third party and the Group receives cash in exchange, or other financial assets. These transactions are conducted under terms based on the applicable ISDA Collateral Guidelines. If the securities increase or decrease in value the Group may, in certain circumstances, require, or be required, to pay additional cash collateral. The Group has determined that it retains substantially all the risks and rewards of these securities, which include credit risk and market risk, and therefore it has not derecognised them. In addition it recognises a financial liability in respect of cash received as collateral.

The associated liabilities are recorded within the Statement of Financial Position line item Repurchase agreements, together with liabilities which have financed reverse repo transactions:

Group

	2024 £ millions	2023 £ millions
Liabilities financing transferred assets	1,784.5	1,085.6
Liabilities financing reverse repo transactions	5,410.9	5,821.0
Repurchase agreements	7,195.4	6,906.6

Company

	2024 £ millions	2023 £ millions
Liabilities financing transferred assets	1,761.3	1,052.4
Liabilities financing reverse repo transactions	5,475.2	5,896.1
Repurchase agreements	7,236.5	6,948.5

Assets pledged as collateral

The Group and the Company pledges assets in various day-to-day transactions that are conducted under the usual terms and conditions applying to such agreements.

The Group pledged securities as collateral in repurchase agreements or as margin with a fair value of £16,937.0 million (2023: £13,420.8 million). Of these, securities with a fair value of £2,019.9 million (2023: £1,185.8 million) are recognised on the Group's Statement of Financial Position.

The Company pledged securities as collateral in repurchase agreements or as margin with a fair value of £17,125.9 million (2023: £13,539.2 million). Of these, securities with a fair value of £1,993.0 million (2023: £1,155.7 million) are recognised on the Company's Statement of Financial Position.

Assets held as collateral

The Group and Company holds certain assets as collateral which it is permitted to sell or re-pledge in the absence of default by the owner of the collateral, under the usual terms and conditions applying to such agreements.

The Group received securities as collateral in reverse repurchase agreements with a fair value of £18,416.4 million (2023: £14,522.9 million). Of these, securities with a fair value of £17,737.8 million (2023: £13,453.9 million) have been sold or re-pledged. The Group is obliged to return the same collateral to the owner on completion of the arrangement.

The Company received securities as collateral in reverse repurchase agreements with a fair value of £18,559.1 million (2023: £14,628.6 million). Of these, securities with a fair value of £17,885.8 million (2023: £13,551.9 million) have been sold or re-pledged. The Company is obliged to return the same collateral to the owner on completion of the arrangement.

Transferred financial assets that are derecognised in their entirety – Convertible Bonds

During the year, the Group transferred convertible bonds that are subject to call options that were neither deeply in the money nor deeply out of the money at the date of transfer. The market for these convertible bonds was and is still regarded as liquid. Additionally the agreement with the majority of the option counterparties allows for cash settlement. The Group therefore determined that, although it had not transferred substantially all of the risks and rewards to the transferee, it had not retained control of the assets and, as such, it derecognised the convertible bonds.

The carrying amount of the purchased call options are as follows:

	2024	2023
	£ millions	£ millions
Carrying amount of purchased call options	70.5	53.3

12. Loans and Advances

Group

	2024	2023
	£ millions	£ millions
Loans and advances to banks		
Repayable on demand	47.1	45.3
Other loans and advances	-	1.5
	47.1	46.8

Company

	2024	2023
	£ millions	£ millions
Loans and advances to banks		
Repayable on demand	38.7	35.6
Other loans and advances	-	1.5
	38.7	37.1
Loans and advances to customers	31.9	21.9
Other loans and advances	31.9	21.9

Interest Income arising from loans and advances to banks amounted to £0.7 million (2023: £0.6 million).

Other loans and advances in prior year included a deposit with Bank of England of £1.5m. This amount is nil in the current year due to changes in regulatory requirements.

Further details of the classification and fair value measurement of loans and advances to banks are disclosed in Note 30.



13. Debt and other fixed income securities

Group

	2024	2023
	£ millions	£ millions
Debt securities		
Issued by public bodies	3,992.3	3,893.2
Issued by other issuers	1,471.4	1,182.6
Traded loans	-	11.4
	<u>5,463.7</u>	<u>5,087.2</u>

Company

	2024	2023
	£ millions	£ millions
Debt securities		
Issued by public bodies	3,782.9	3,746.2
Issued by other issuers	1,469.1	1,182.0
Traded loans	-	11.4
	<u>5,252.0</u>	<u>4,939.6</u>

In the year to 31 March 2024, there were no unobservable day one profits in respect of debt securities (2023: £nil).

Further details of the classification and fair value measurement of debt securities is disclosed in Note 30

14. Equity Shares

Group

	2024	2023
	£ millions	£ millions
Listed other than on a recognised UK exchange	0.9	2.2
Other financial investments	3.4	3.9
	<u>4.3</u>	<u>6.1</u>

Company

	2024	2023
	£ millions	£ millions
Listed other than on a recognised UK exchange	0.8	2.2
Other financial investments	3.4	3.9
	<u>4.2</u>	<u>6.1</u>

Other financial investments relates to a carried interest financial investment in Apposite Healthcare Fund L.P and Apposite Healthcare Fund II L.P, a member seat at the CME Group, and member shares in secure financial messaging service provider SWIFT.

The values of these interests at 31 March 2024 were: Apposite I and II £3.3 million (2023: £3.8 million), CME £0.1 million (2023: £0.1 million), and SWIFT £0.1 million (2023: £nil).

Further details of the classification and fair value measurement of equity shares is disclosed in Note 30 and its exposure to various risks can be found in the Risk Review section.

15. Derivative Assets and Liabilities

Group

	2024	2023
	£ millions	£ millions
Derivative assets		
Trading derivative assets:		
– Interest rate	9,026.5	12,573.4
– Convertible bond options	123.7	70.7
– Foreign currency	224.7	124.3
– Credit	332.5	303.3
Total trading derivative assets	<u>9,707.4</u>	<u>13,071.7</u>
Derivative assets held for risk management	<u>0.3</u>	<u>0.9</u>
	<u>9,707.7</u>	<u>13,072.6</u>

Derivative liabilities

Trading derivative liabilities:		
– Interest rate	8,886.4	12,321.8
– Convertible bond options	123.4	70.6
– Foreign currency	235.4	124.3
– Credit	351.9	311.0
– Equity	0.1	0.1
Total trading derivative liabilities	<u>9,597.2</u>	<u>12,827.8</u>
Derivative liabilities held for risk management	<u>6.1</u>	<u>5.7</u>
	<u>9,603.3</u>	<u>12,833.5</u>

Company

	2024	2023
	£ millions	£ millions
Derivative assets		
Trading derivative assets:		
– Interest rate	9,025.4	12,573.1
– Convertible bond options	123.7	70.7
– Foreign currency	224.7	124.3
– Credit	332.5	303.3
Total trading derivative assets	9,706.3	13,071.4
Derivative assets held for risk management	0.3	0.9
	9,706.6	13,072.3
Derivative liabilities		
Trading derivative liabilities:		
– Interest rate	8,885.4	12,321.6
– Convertible bond options	123.4	70.6
– Foreign currency	235.5	124.3
– Credit	351.9	311.0
– Equity	0.1	0.1
Total trading derivative liabilities	9,596.3	12,827.6
Derivative liabilities held for risk management	6.1	5.7
	9,602.4	12,833.3

In the year to 31 March 2024, there are unobservable day one profits of £1.1 million (2023: £0 million) in respect of trading derivative assets and liabilities.

Further details of the classification and fair value measurement of trading derivative assets and liabilities are disclosed in Note 30.

Derivatives held for risk management

Group and Company

2024 Assets	Within a fair value hedge relationship £ millions	Other ¹ £ millions	Total £ millions
Primary instruments			
Interest rate	0.2	-	0.2
Credit	-	0.1	0.1
	0.2	0.1	0.3
Total			0.3
2024 Liabilities	Within a fair value hedge relationship £ millions	Other¹ £ millions	Total £ millions
Primary instruments			
Interest rate	6.0	-	6.0
Foreign currency	0.1	-	0.1
	6.1	-	6.1
Total			6.1

Derivatives held for risk management (Continued)

Group and Company

2023 Assets	Within a fair value hedge relationship £ millions	Other ¹ £ millions	Total £ millions
Primary instruments			
Interest rate	0.7	-	0.7
Credit	-	0.2	0.2
	0.7	0.2	0.9
Total			0.9
2023 Liabilities	Within a fair value hedge relationship £ millions	Other¹ £ millions	Total £ millions
Primary instruments			
Interest rate	5.5	-	5.5
Foreign currency	0.2	-	0.2
	5.7	-	5.7
Total			5.7

Explanatory notes on other

1. Other includes derivatives which are held for risk management purposes on certain Fair Value Option debt issuances which are not in a designated hedge accounting relationship.

The Group uses primary derivative instruments to manage exposure to interest rate risk, foreign currency risk and credit risk arising from its structured note issuance programmes (see Note 21). These derivative instruments include interest rate swaps, foreign currency swaps and credit default swaps.

Further details of the classification and fair value measurement of derivatives held for risk management are disclosed in Note 30.

Derivatives held for risk management (Continued)

Derivatives held for risk management designated as fair value hedges

The Group uses primary interest rate and other swap instruments to hedge its exposure to changes in fair value of fixed rate structured notes and structured note host contracts that are carried at amortised cost. The changes in fair values of the hedging derivative instruments and the hedged items attributable to the hedged risks are analysed below:

Group and Company

	2024	2023
	£ millions	£ millions
Losses on hedging derivative instruments	(0.2)	(3.8)
Gains on hedged items attributable to hedged risk:		
- Debt securities in issue (see Note 21)	0.2	3.8
Ineffective portion of fair value hedges	-	-
Derivative assets designated as fair value hedges	0.2	0.7
Derivative liabilities designated as fair value hedges	6.1	5.7

16. Shares in Group Undertakings

Group

	2024	2023
	£ millions	£ millions
Listed other than on a recognised UK exchange	13.2	9.9

Company

	2024	2023
	£ millions	£ millions
Listed other than on a recognised UK exchange	11.8	8.9
Investment in subsidiary	35.2	35.2
	47.0	44.1

Listed other than on a recognised UK exchange

The Group has established an Employee Benefit Trust (EBT) for the Company and its UK subsidiary, and a separate EBT for its German subsidiary. The EBTs are responsible for purchasing and holding shares of the Mizuho Financial Group for the hedging of future liabilities arising as a result of the employee share based compensation scheme. The EBTs are consolidated in the Group’s and the Company’s (MHI EBT only) financial statements as part of the share based scheme for the benefit of employees. Further details of the share based payment scheme are disclosed in Note 31.

Investment in subsidiary

Subsidiary	Country of Incorporation	MHI’s ownership
Mizuho Securities Europe GmbH	Germany	100%
Mizuho EMEA Corporate Services Limited	England	100%

On 15 September 2023, MECS was incorporated in the United Kingdom as a 100% fully owned subsidiary of MHI. A total of £1.0m was injected into this subsidiary during the year.

For the financial year ended 31 March 2024, one of Mizuho International plc’s subsidiaries, Mizuho EMEA Corporate Services Limited, was entitled to an exemption under Section 479A Companies Act 2006 in relation to the audit of its individual accounts. Mizuho International plc has provided both (i) an agreement to the exemption by all members of the company and (ii) a guarantee under Section 479C of the Companies Act in connection with the exemption from audit requirement for Mizuho EMEA Corporate Services Limited for the financial year ended 31 March 2024.

The Company also has another wholly owned subsidiary, MHEU, a company incorporated in Germany. The Group is exposed to foreign currency risk through its net investment in foreign operations in MHEU. The Group hedges this currency risk on its net investment through EUR denominated borrowing as the hedging instrument. Gains/losses on the hedging instrument relating to the effective portion of the hedge are recognised in Other Comprehensive Income, while any gains/losses on the ineffective portion are recognised in the income statement. Hedge ineffectiveness occurs in a net investment hedge if the net asset value designated at the start of the period falls below the amount of the hedging instrument. MHI assesses hedge effectiveness of the net investment hedge on a monthly basis, both on a prospective and retrospective basis.

In October 2023, Mizuho Financial Group announced its intention to create an integrated Universal Bank in the EU region headquartered in the Netherlands. As part of this initiative, MHEU is proposed to be merged into MBE. During the year, significant preparatory work was undertaken in readiness for the new unified EU entity, which is planned to go live in 2025.

As at 31 March 2024, the fair value of financial instruments designated as hedge of net investment in foreign operations was £34.2 million (2023: £35.2 million).

The amount of gain/(loss) recognised in the income statement on the ineffective portion of the hedge during the period was £nil (2023: £nil).

17. Intangible Assets

Group and Company

	Software £ millions	Software development expenditure £ millions	Total £ millions
Cost			
At 1 April 2023	214.4	33.3	247.7
Additions	0.1	27.1	27.2
Disposals	(14.6)	-	(14.6)
Impairments	(0.1)	(0.2)	(0.3)
Transfers / reclassification	27.7	(27.7)	-
At 31 March 2024	227.5	32.5	260.0
Accumulated depreciation and amortisation			
At 1 April 2023	174.0	-	174.0
Disposals	(14.6)	-	(14.6)
Impairments	(0.1)	-	(0.1)
Charge for the year	24.0	-	24.0
At 31 March 2024	183.3	-	183.3
Net book value			
At 31 March 2024	44.2	32.5	76.7
At 31 March 2023	40.4	33.3	73.7

During the financial year, the Group and the Company capitalised £27.7 million (2023: £19.1 million) of internally developed software.

18. Tangible Fixed Assets

Group

	Short leasehold property £ millions	Fixtures, equipment, integrated software and vehicles £ millions	Total £ millions
Cost			
At 1 April 2023	26.9	33.5	60.4
Additions	0.3	5.5	5.8
Disposals	-	(3.1)	(3.1)
Impairments	(0.7)	-	(0.7)
At 31 March 2024	26.5	35.9	62.4
Accumulated depreciation and amortisation			
At 1 April 2023	8.8	24.3	33.1
Disposals	-	(3.1)	(3.1)
Charge for the year	1.6	3.7	5.3
At 31 March 2024	10.4	24.9	35.3
Net book value			
At 31 March 2024	16.1	11.0	27.1
At 31 March 2023	18.1	9.2	27.3

Company

	Short leasehold property £ millions	Fixtures, equipment, integrated software and vehicles £ millions	Total £ millions
Cost			
At 1 April 2023	25.8	32.6	58.4
Additions	0.3	5.6	5.9
Disposals	-	(3.1)	(3.1)
Impairments	(0.7)	-	(0.7)
At 31 March 2024	25.4	35.1	60.5
Accumulated depreciation and amortisation			
At 1 April 2023	8.2	23.7	31.9
Disposals	-	(3.1)	(3.1)
Impairments	-	-	-
Charge for the year	1.4	3.7	5.1
At 31 March 2024	9.6	24.3	33.9
Net book value			
At 31 March 2024	15.8	10.8	26.6
At 31 March 2023	17.6	8.9	26.5

19. Other Assets

Group

	2024 £ millions	2023 £ millions
Unsettled repo receivables	257.1	67.8
Collateral pledged	545.7	293.6
Clearing house default fund contribution	31.1	26.6
Other trade receivables	38.1	18.1
Trade receivables	872.0	406.1
Less: provision for trade receivables	(2.9)	(2.9)
Other assets	28.8	46.3
	897.9	449.5

Company

	2024 £ millions	2023 £ millions
Unsettled repo receivables	260.0	67.8
Collateral pledged	542.8	290.3
Clearing house default fund contribution	31.1	26.6
Other trade receivables	39.8	18.0
Trade receivables	873.7	402.7
Less: provision for trade receivables	(2.9)	(2.9)
Other assets	26.9	43.8
	897.7	443.6

Unsettled repo receivables are all less than three months past due.

Collateral pledged relates to repo, reverse repo, futures and derivative transactions.

20. Deposits by Banks and Customer Accounts

Group	2024 £ millions	2023 £ millions
Deposits by banks		
Repayable on demand	0.9	2.4
With agreed maturity dates or periods of notice	518.2	289.7
	519.1	292.1
Customer accounts		
With agreed maturity dates or periods of notice	707.5	897.9
	707.5	897.9

Company	2024	2023
	£ millions	£ millions
Deposits by banks		
Repayable on demand	-	2.4
With agreed maturity dates or periods of notice	518.2	289.7
	518.2	292.1
Customer accounts		
Repayable on demand	1.0	-
With agreed maturity dates or periods of notice	707.5	897.9
	708.5	897.9

Net interest expense arising from Deposits by banks and Customer accounts amounted to £53.7 million (2023: £21.8 million). Of this, £16.0 million (2023: £9.6 million) was payable to Mizuho Financial Group entities and £37.7 million (2023: £12.2 million) was net payable to third party entities.

21. Debt Securities in Issue

Group and Company	2024	2023
	£ millions	£ millions
Debt securities – amortised cost	454.8	443.4
Debt securities – adjusted for fair value hedge accounting	935.9	1,165.0
Debt securities – designated at fair value through profit and loss	4.3	8.1
	<u>1,395.0</u>	<u>1,616.5</u>

Net interest expense arising from Debt securities accounted at amortised cost (including those adjusted for fair value hedge accounting) amounted to £39.5 million (2023: £11.5 million).

Further details of the classification and fair value measurement of debt securities in issue are disclosed in Note 30.

Debt securities adjusted for fair value hedge accounting

Group and Company	2024 £ millions	2023 £ millions
Net gains recognised in the statement of comprehensive income	0.2	3.8
Contractual amount at maturity	948.8	1,249.9

Debt securities designated at fair value through profit and loss

Group and Company	2024 £ millions	2023 £ millions
Net (losses)/gains recognised in the statement of comprehensive income	-	-
Contractual amount at maturity	4.2	7.9

Certain debt securities in issue were designated at fair value since these are managed on a fair value basis. The net loss recognised in the Statement of Comprehensive Income arising on debt securities that is attributable to changes in the Company's credit risk amounted to £nil (2023: £nil).

22. Short Trading Positions

Group	2024	2023
	£ millions	£ millions
Short trading positions in debt securities:		
– Issued by public bodies	3,412.0	3,104.3
– Issued by other issuers	513.7	314.4
	3,925.7	3,418.7
Company	2024	2023
	£ millions	£ millions
Short trading positions in debt securities:		
- Issued by public bodies	3,202.5	2,990.7
- Issued by other issuers	513.7	314.4
	3,716.2	3,305.1

In the year to 31 March 2024, there were no unobservable day one profits in respect of short trading positions (2023: £nil).

Further details of the classification and fair value measurement of short trading positions are disclosed in Note 30.

23. Other Liabilities

Group	2024	2023
	£ millions	£ millions
Unsettled repo payables	131.6	96.1
Collateral received	483.4	457.4
Other trade payables	23.7	19.3
Trade payables	638.7	572.8
Other liabilities	9.1	5.0
Tax and social security payable	3.4	3.6
	651.2	581.4
Company	2024	2023
	£ millions	£ millions
Unsettled repo payables	151.8	96.1
Collateral received	484.0	457.4
Other trade payables	24.9	21.5
Trade payables	660.7	575.0
Other liabilities	8.9	5.0
Tax and social security payable	2.9	2.6
	672.5	582.6

Unsettled repo payables are all past due for less than three months.

Collateral received relates to repo, reverse repo and derivative transactions.

24. Provisions for Liabilities

Group	Total £ millions
At 1 April 2023	4.0
Charged through income statement	-
Released	(0.9)
Utilised for the year	-
At 31 March 2024	3.1

Company	Total £ millions
At 1 April 2023	3.8
Charged through income statement	-
Released	(0.9)
Utilised for the year	-
At 31 March 2024	2.9

The Group may become subject to various litigation matters over the normal course of business. Where a claim is considered to be more likely than not to result in a settlement, a provision is made based on management’s best estimate of the cost to the Group of settling such claims.

Total provisions as at 31 March 2024 relate to dilapidation provisions for 30 Old Bailey and Taunustor 1 raised in prior years. Please refer to post balance sheet event note 34 for further details.

25. Pension Liabilities

Group and Company

Defined benefits scheme

The Group operates a defined benefits scheme, the Mizuho International plc Retirement Benefits Scheme (‘Scheme’), which is a final salary scheme, established in 1978 and currently governed by the trust deed and rules dated 18 September 1998. The Scheme is a “registered pension scheme” for tax purposes. All members were contracted-out of the State Second Pension during active membership of the Scheme.

In accordance with the trust deed the Group, as Principal Employer, has the power to appoint and remove the Trustees of the Scheme. The three Trustees include a Group representative, an independent corporate Trustee and a member nominated Trustee.

There are no active members remaining in the Scheme, and it is closed to new entrants and future benefit accrual. There were 130 deferred members and 86 pensioner members who have pensions paid directly from the Scheme as at 31 March 2024.

A valuation of the scheme has been estimated as at 31 March 2024 by a qualified independent actuary, based on the results of the actuarial valuation as at 31 March 2021, adjusted for the different assumptions required under FRS102 and taking into consideration subsequent cash flows.

The principal actuarial assumptions at the balance sheet date were as follows:

	2024 % p.a.	2023 % p.a.
Discount rate	4.8	4.7
Inflation assumption (RPI)	3.1	3.3
Pension increases (RPI, max 5% p.a.)	2.1	3.2
CPI linked increases (max 5% p.a.)	3.0	2.3

The underlying mortality assumption is based upon the standard table known as S3PA on a year of birth usage with Continuous Mortality Investigation_2021 (“CMI”) future improvement factors and long-term rate of future improvement of 1.0% p.a. (2022: same but CMI_2020). This results in the following life expectancies:

- Male age 60 now has a life expectancy of 25.8 years (previously 26.3 years)
- Female age 60 now has a life expectancy of 28.6 years (previously 29.0 years)

The amounts recognised in the Statement of Financial Position are as follows:

	2024 £ millions	2023 £ millions
Present value of Scheme liabilities	(31.1)	(31.9)
Market value of Scheme assets	31.7	32.6
Restriction of Recognisable Surplus	(0.6)	(0.7)
Deficit in the Scheme	-	-
Related deferred tax asset	-	-
Net pension liability	-	-

The amounts to be recognised in the Statement of Comprehensive Income for the year are as follows:

	2024 £ millions	2023 £ millions
Interest on Scheme assets	1.5	1.2
Interest on Scheme liabilities	(1.5)	(1.2)
Contribution paid by a related party	-	-
	<u>-</u>	<u>-</u>

Changes in the present value of the Scheme liabilities are as follows:

	2024 £ millions	2023 £ millions
Present value of Scheme liabilities at 1 April	31.9	43.9
Interest on Scheme liabilities	1.5	1.2
Benefits paid	(1.9)	(2.0)
Actuarial gains	(0.4)	(11.2)
Present value of Scheme liabilities at 31 March	<u>31.1</u>	<u>31.9</u>

Changes in the fair value of the Scheme assets for the year are as follows:

	2024 £ millions	2023 £ millions
Market value of Scheme assets at 1 April	32.6	56.0
Interest on Scheme assets	1.5	1.2
Return on assets	(0.7)	(22.8)
Benefits paid	(2.0)	(2.1)
Contributions paid by the Group	0.3	0.3
Market value of Scheme assets at 31 March	<u>31.7</u>	<u>32.6</u>
	<u> </u>	<u> </u>
Actual return on scheme assets	<u>0.8</u>	<u>(21.6)</u>

Actuarial valuations are carried out every three years on behalf of the Trustees of the scheme, by a qualified independent actuary. The actuarial assumptions underlying the actuarial valuation are different to those adopted under FRS102.

The last such finalised actuarial valuation was at 31 March 2021. This showed that the Scheme's assets were insufficient to cover the liabilities on the funding basis. A recovery plan was agreed with the Company, which eliminated the deficit by payment of additional contributions. The Scheme's Schedule of Contribution dated 19 May 2022 therefore has no contributions payable in respect of any deficit, and requires the Company to pay an amount of £227,000 per annum (2023: £227,000) in respect of expenses administering the scheme. These payments are subject to review following the next actuarial valuation, due as at 31 March 2024.

In the year ended 31 March 2023, the Scheme carried out a second buy-in, which insured materially all of the Scheme's remaining liabilities through the purchase of annuities from a third party insurance company.

The Virgin Media Ltd vs NTL Pension Trustees II judgement, handed down by the High Court in 16 June 2023, considered the implications of Section 37 of the Pension Schemes Act 1993. Section 37 of the Pension Schemes Act 1993 only allowed the rules of contracted-out schemes in respect to benefits to be altered where certain requirements were met. The court decision is subject to appeal and it is currently uncertain whether the absence of a Section 37 Certificate means that previous amendments made to benefits in the period between 6 April 1997 and 5 April 2016 are invalid.

For the purposes of our calculations for the pension cost disclosures, the Group has made no allowance for the potential impact this could have on scheme benefits. Having consulted with legal advisers, the scheme's trustees are not aware of any reason to believe that amendments made in the impacted time period are invalid due to inappropriate documentation.

The major categories of Scheme assets as a percentage of total Scheme assets for the year are as follows:

	2024 %	2023 %
Insured Annuities	97	96
Cash	3	4
	<u>100</u>	<u>100</u>

Analysis of amounts recognisable in the Other Comprehensive Income for the year is provided below.

	2024 £ millions	2023 £ millions
Return on assets	(0.7)	(22.8)
Actuarial gains	0.4	11.2
Restriction of Recognisable Surplus / (Deficit)	-	11.3
Remeasurement losses recognised in other comprehensive income	<u>(0.3)</u>	<u>(0.3)</u>

Movements in the surplus / (deficit) during the year are as follows:

	2024 £ millions	2023 £ millions
Deficit in Scheme at 1 April	-	-
Amounts recognised in the Statement of Comprehensive Income	-	-
Contributions paid by the Group	0.3	0.3
Remeasurement gains and losses recognised in other comprehensive income	<u>(0.3)</u>	<u>(0.3)</u>
Deficit in Scheme at 31 March	<u>-</u>	<u>-</u>

Employment benefit plans

The Company currently operates a Group Personal Pension (‘GPP’) arrangement which is a defined contribution scheme for UK employees. In addition, the subsidiary MHEU operates a similar defined contribution scheme for all employees in Germany. Subject to meeting certain qualifying conditions, all staff joining the Group are eligible to become members of their local scheme.

The GPP provides employees with a tax-efficient way of saving for retirement. It is a low-cost, flexible and portable arrangement which the Group also contributes towards.

Contributions are currently subject to the maximum limits as laid down by the relevant tax authority in each jurisdiction. Group contributions are made as a percentage of salary and/or bonus waivers through a salary sacrifice arrangement.

The assets of the GPP are held separately from those of the Group in independently administered funds. During the year ended 31 March 2024 the Group made contributions of £6.7 million (2023: £6.3 million) to the GPP of which £2 million related to the employees’ salary sacrifice arrangements (2023: £2.2 million). The total expense to the Group was £4.7 million (2023: £4.1 million).

26. Related Party Balances

Included within assets and liabilities are the following balances due to / from Mizuho Financial Group entities:

Group

2024	Controlling entities ¹ £ millions	Other related parties £ millions	Total £ millions
Assets			
Loans and advances to banks	-	2.2	2.2
Reverse repurchase agreements with banks	580.1	251.1	831.2
Debt and other fixed income securities	4.3	1.1	5.4
Derivative assets	135.3	185.1	320.4
Shares in group undertakings	13.2	-	13.2
Other assets	22.8	29.7	52.5
Prepayments and accrued income	14.3	32.6	46.9
	770.0	501.8	1,271.8
Liabilities			
Deposits by banks	-	518.2	518.2
Repurchase agreements with banks	427.6	15.0	442.6
Short trading positions	16.7	-	16.7
Derivative liabilities	7.2	47.8	55.0
Other liabilities	138.5	140.1	278.6
Accruals and deferred income	14.8	33.1	47.9
Provision for liabilities	-	3.1	3.1
	604.8	757.3	1,362.1

Included within the Statement of Comprehensive Income are the following transactions due to / from Mizuho Financial Group entities:

2024	Controlling entities ¹ £ millions	Other related parties £ millions	Total £ millions
Interest receivable	-	0.1	0.1
Interest payable	(2.3)	(22.3)	(24.6)
Fees and commissions receivable	49.4	29.9	79.3
Fees and commissions payable	(38.0)	(10.2)	(48.2)
Dealing profit	150.3	62.1	212.4
Other operating income	-	2.3	2.3
Administrative expenses	10.2	7.4	17.6
Tax on profit on ordinary activities	-	1.1	1.1
Total income from Affiliates	169.6	70.4	240.0

Company

2024	Controlling entities ¹ £ millions	Controlled entities ² £ millions	Other related parties £ millions	Total £ millions
Assets				
Loans and advances to banks	-	-	1.6	1.6
Loans and advances to customers	-	31.9	-	31.9
Reverse repurchase agreements with banks	580.1	-	251.1	831.2
Reverse repurchase agreements with customers	-	38.6	-	38.6
Debt and other fixed income securities	4.3	-	1.1	5.4
Derivative assets	135.3	0.3	185.1	320.7
Shares in group undertakings	11.8	35.2	-	47.0
Other assets	22.8	4.9	29.5	57.2
Prepayments and accrued income	14.3	11.3	32.2	57.8
	768.6	122.2	500.6	1,391.4
Liabilities				
Deposits by banks	-	-	518.2	518.2
Customer accounts	-	1.0	-	1.0
Repurchase agreements with banks	427.6	-	15.0	442.6
Repurchase agreements with customers	-	41.1	-	41.1
Short trading positions	16.7	-	-	16.7
Derivative liabilities	7.2	-	47.8	55.0
Other liabilities	138.5	22.1	140.1	300.7
Accruals and deferred income	14.7	4.1	33.0	51.8
Provision for liabilities	-	-	2.9	2.9
	604.7	68.3	757.0	1,430.0

Group

2023	Controlling entities £ millions	Other related parties £ millions	Total £ millions
Assets			
Loans and advances to banks	-	1.3	1.3
Reverse repurchase agreements with banks	2,271.9	33.8	2,305.7
Debt and other fixed income securities	29.0	4.0	33.0
Derivative assets	71.7	114.9	186.6
Shares in group undertakings	9.9	-	9.9
Other assets	12.9	28.0	40.9
Prepayments and accrued income	11.8	4.3	16.1
	2,407.2	186.3	2,593.5
Liabilities			
Deposits by banks	22.8	266.9	289.7
Repurchase agreements with banks	108.7	-	108.7
Short trading positions	8.1	-	8.1
Derivative liabilities	6.6	43.8	50.4
Other liabilities	58.3	64.8	123.1
Accruals and deferred income	2.6	15.1	17.7
Provision for liabilities	-	3.1	3.1
	207.1	393.7	600.8

2023

	Controlling entities¹ £ millions	Other related parties £ millions	Total £ millions
Interest receivable	-	0.1	0.1
Interest payable	(0.9)	(11.9)	(12.8)
Fees and commissions receivable	39.6	23.1	62.7
Fees and commissions payable	(14.1)	(14.8)	(28.9)
Dealing profit	92.0	15.3	107.3
Other operating income	-	2.4	2.4
Administrative expenses	8.5	(2.1)	6.4
Tax on profit on ordinary activities	-	4.7	4.7
Total income from Affiliates	125.1	16.8	141.9

Company

2023	Controlling entities¹ £ millions	Controlled entities² £ millions	Other related parties £ millions	Total £ millions
Assets				
Loans and advances to banks	-	-	1.2	1.2
Loans and advances to customers	-	21.9	-	21.9
Reverse repurchase agreements with banks	2,271.9	-	33.8	2,305.7
Reverse repurchase agreements with customers	-	29.1	-	29.1
Debt and other fixed income securities	28.9	-	4.0	32.9
Derivative assets	71.7	-	114.9	186.6
Shares in group undertakings	8.9	35.2	-	44.1
Other assets	12.8	0.9	27.9	41.6
Prepayments and accrued income	11.8	7.5	4.2	23.5
	2,406.0	94.6	186.0	2,686.6
Liabilities				
Deposits by banks	22.8	-	266.9	289.7
Repurchase agreements with banks	108.7	-	-	108.7
Repurchase agreements with customers	-	41.9	-	41.9
Short trading positions	8.1	-	-	8.1
Derivative liabilities	6.6	-	43.8	50.4
Other liabilities	58.3	2.9	64.7	125.9
Accruals and deferred income	2.5	2.2	15.1	19.8
Provision for liabilities	-	-	2.9	2.9
	207.0	47.0	393.4	647.4

Explanatory notes on controlling entities

1. Controlling entities includes the Company's parent, Mizuho Securities, and the Company's ultimate parent, Mizuho Financial Group, Inc. All other entities within the Mizuho Financial Group structure are reported under the category 'Other related parties'.
2. Controlled entities includes the Company's subsidiary, MHEU.

27. Share Capital

Group and Company

	2024	2024	2023	2023
	Number	£ millions	Number	£ millions
Issued called up and fully paid				
Ordinary shares of GBP 10 each	70,985,797	709.9	70,985,797	709.9

28. Operating Lease Commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

Group

	2024	2023
	£ millions	£ millions
	Buildings	Buildings
Not later than one year	5.0	5.0
Later than one year and not later than five years	18.8	19.0
Later than five years	26.6	30.9
	50.4	54.9

The total lease payments recognised as an expense by the Group for the year ended 31 March 2024 were £5.4 million (2023: £5.4 million). Future minimum lease payables were recognised on a straight line basis over the life of the lease.

Company

	2024	2023
	£ millions	£ millions
	Buildings	Buildings
Not later than one year	4.6	4.6
Later than one year and not later than five years	18.3	18.1
Later than five years	26.6	30.9
	49.5	53.6

The total lease payments recognised as an expense by the Company for the year ended 31 March 2024 were £4.9 million (2023: £4.9 million). Future minimum lease payables were recognised on a straight line basis over the life of the lease.

On 1 April 2024, the operating sub-lease between the Company and MHBK, London branch was terminated by mutual consent. For more details, please refer to Note 34 Post Balance Sheet Events.

29. Notes to the Cash Flow Statement

	2024	2023
	£ millions	£ millions
Non-cash items included in profit before tax		
Net foreign exchange difference	4.2	(4.3)
Interest receivable	(146.8)	(55.7)
Interest payable	93.3	33.5
Write-off of intangible and tangible assets	0.9	0.1
Depreciation and amortisation	29.3	25.6
Gains on revaluation of debt securities in issue	(0.2)	(3.9)
Gains on shares in group undertakings	(3.5)	(1.3)
Dividends received	(0.2)	(0.3)
	(23.0)	(6.3)
	2024	2023
	£ millions	£ millions
Change in operating assets		
Reverse repurchase agreements with banks	710.9	(1,987.6)
Reverse repurchase agreements with customers	(756.0)	3,113.5
Debt and other fixed income securities	(376.5)	(315.2)
Equity shares	2.2	(2.7)
Derivative assets	3,364.9	(6,629.4)
Other assets	(462.0)	390.6
Prepayments and accrued income	(3.8)	6.6
	2,479.7	(5,424.2)
Change in operating liabilities		
Deposits by banks	227.0	(861.3)
Customer accounts	(190.5)	602.3
Repurchase agreements with banks	2,094.4	(100.2)
Repurchase agreements with customers	(1,805.6)	(568.5)
Short trading positions	507.0	(142.2)
Derivative liabilities	(3,230.1)	6,410.8
Other liabilities	69.0	129.0
Accruals and deferred income	15.4	(13.4)
	(2,313.4)	5,456.5
Cash and cash equivalents is defined as including:		
Cash and balances at central banks	328.5	370.4
Loans and advances to banks	47.1	46.8
Cash and cash equivalents at the end of the period	375.6	417.2

Analysis of changes in net debt

	At 1 April 2023 £ millions	Cash Flows £ millions	Interest and finance charges £ millions	Changes in market value / exchange rate £ millions	At 31 March 2024 £ millions
Cash and balances at central banks	370.4	(41.9)	-	-	328.5
Loans and advances to banks	46.8	(14.2)	18.7	(4.2)	47.1
Loans and advances to customers	-	(4.1)	4.1	-	-
Reverse repurchase agreements with customers	112.5	0.5	2.6	-	115.6
Net derivatives held for risk management ¹	(4.9)	(0.7)	-	(0.3)	(5.9)
Deposits by banks and customers ²	(1,190.0)	17.2	(53.7)	-	(1,226.5)
Debt securities in issue	(1,616.5)	260.7	(39.5)	0.3	(1,395.0)
Repurchase agreements with customers	(107.5)	3.9	(2.3)	-	(105.9)
	(2,389.2)	221.4	(70.1)	(4.2)	(2,242.1)

Explanatory notes on analysis of changes in net debt

1. Net derivatives held for risk management include derivatives in a designated hedge accounting relationship to hedge structured debt issuances as well as for certain Fair Value option elected debt issuances. For more details, refer to Note 15 and Note 21
2. Deposits by banks & customers have been combined together for presentation purposes for this Note

30. Financial Assets and Financial Liabilities

A – Classification of financial assets and financial liabilities

Group	Held for trading £ millions	Designated as at fair value £ millions	Loans and receivables £ millions	Total £ millions
2024				
Financial assets:				
Cash and balances at central banks	-	-	328.5	328.5
Loans and advances to banks	-	-	47.1	47.1
Reverse repurchase agreements with banks	5,131.0	-	-	5,131.0
Reverse repurchase agreements with customers	2,944.0	-	115.6	3,059.6
Debt and other fixed income securities	5,463.7	-	-	5,463.7
Equity shares	0.9	3.4	-	4.3
Derivative assets	9,707.4	0.3	-	9,707.7
Shares in group undertakings	-	13.2	-	13.2
Trade receivables	15.7	-	860.9	876.6
Prepayments and accrued income	120.5	-	42.9	163.4
	23,383.2	16.9	1,395.0	24,795.1

2024	Held for trading £ millions	Designated as at fair value £ millions	Financial liabilities £ millions	Total £ millions
Financial liabilities:				
Deposits by banks	-	-	519.1	519.1
Customer accounts	-	-	707.5	707.5
Repurchase agreements with banks	3,769.7	-	-	3,769.7
Repurchase agreements with customers	3,319.8	-	105.9	3,425.7
Debt securities in issue	-	4.3	1,390.7	1,395.0
Short Positions	3,925.7	-	-	3,925.7
Derivative liabilities	9,597.2	6.1	-	9,603.3
Trade payables	19.9	-	622.9	642.8
Accruals and deferred income ¹	106.3	-	30.5	136.8
	20,738.6	10.4	3,376.6	24,125.6

A – Classification of financial assets and financial liabilities (continued)

Group

	Held for trading £ millions	Designated as at fair value £ millions	Loans and receivables £ millions	Total £ millions
2023				
Financial assets:				
Cash and balances at central banks	-	-	370.4	370.4
Loans and advances to banks	-	-	46.8	46.8
Reverse repurchase agreements with banks	5,841.9	-	-	5,841.9
Reverse repurchase agreements with customers	2,191.0	-	112.5	2,303.5
Debt and other fixed income securities	5,087.2	-	-	5,087.2
Equity shares	2.2	3.9	-	6.1
Derivative assets	13,071.7	0.9	-	13,072.6
Shares in group undertakings	-	9.9	-	9.9
Trade receivables	11.3	-	411.1	422.4
Prepayments and accrued income	42.3	-	31.4	73.7
	<u>26,247.6</u>	<u>14.7</u>	<u>972.2</u>	<u>27,234.5</u>

	Held for trading £ millions	Designated as at fair value £ millions	Financial liabilities £ millions	Total £ millions
2023				
Financial liabilities:				
Deposits by banks	-	-	292.1	292.1
Customer accounts	-	-	897.9	897.9
Repurchase agreements with banks	1,675.3	-	-	1,675.3
Repurchase agreements with customers	5,123.8	-	107.5	5,231.3
Debt securities in issue	-	8.1	1,608.4	1,616.5
Short positions	3,418.7	-	-	3,418.7
Derivative liabilities	12,827.8	5.7	-	12,833.5
Trade payables	14.0	-	562.8	576.8
Accruals and deferred income ¹	33.0	-	19.6	52.6
	<u>23,092.6</u>	<u>13.8</u>	<u>3,488.3</u>	<u>26,594.7</u>

A – Classification of financial assets and financial liabilities (continued)

Company

	Held for trading £ millions	Designated as at fair value £ millions	Loans and receivables £ millions	Total £ millions
2024				
Financial assets:				
Cash and balances at central banks	-	-	328.5	328.5
Loans and advances to banks	-	-	38.7	38.7
Loans and advances to customers	-	-	31.9	31.9
Reverse repurchase agreements with banks	5,088.6	-	-	5,088.6
Reverse repurchase agreements with customers	2,982.7	-	115.6	3,098.3
Debt and other fixed income securities	5,252.0	-	-	5,252.0
Equity shares	0.8	3.4	-	4.2
Derivative assets	9,706.3	0.3	-	9,706.6
Shares in group undertakings	-	11.8	-	11.8
Trade receivables	15.6	-	862.5	878.1
Prepayments and accrued income	119.9	-	45.5	165.4
	<u>23,165.9</u>	<u>15.5</u>	<u>1,422.7</u>	<u>24,604.1</u>

	Held for trading £ millions	Designated as at fair value £ millions	Financial liabilities £ millions	Total £ millions
2024				
Financial liabilities:				
Deposits by banks	-	-	518.2	518.2
Customer accounts	-	-	708.5	708.5
Repurchase agreements with banks	3,769.7	-	-	3,769.7
Repurchase agreements with customers	3,360.9	-	105.9	3,466.8
Debt securities in issue	-	4.3	1,390.7	1,395.0
Short Positions	3,716.2	-	-	3,716.2
Derivative liabilities	9,596.3	6.1	-	9,602.4
Trade payables	19.8	-	644.5	664.3
Accruals and deferred income ¹	105.8	-	32.6	138.4
	<u>20,568.7</u>	<u>10.4</u>	<u>3,400.4</u>	<u>23,979.5</u>

**A – Classification of financial assets and financial liabilities (continued)****Company**

	Held for trading £ millions	Designated as at fair value £ millions	Loans and receivables £ millions	Total £ millions
2023				
Financial assets:				
Cash and balances at central banks	-	-	370.4	370.4
Loans and advances to banks	-	-	37.1	37.1
Loans and advances to customers	-	-	21.9	21.9
Reverse repurchase agreements with banks	5,841.9	-	-	5,841.9
Reverse repurchase agreements with customers	2,220.1	-	112.5	2,332.6
Debt and other fixed income securities	4,939.6	-	-	4,939.6
Equity shares	2.2	3.9	-	6.1
Derivative assets	13,071.4	0.9	-	13,072.3
Shares in group undertakings	-	8.9	-	8.9
Trade receivables	10.8	-	408.2	419.0
Prepayments and accrued income	41.8	-	32.4	74.2
	<u>26,127.8</u>	<u>13.7</u>	<u>982.5</u>	<u>27,124.0</u>

	Held for trading £ millions	Designated as at fair value £ millions	Financial liabilities £ millions	Total £ millions
2023				
Financial liabilities:				
Deposits by banks	-	-	292.1	292.1
Customer accounts	-	-	897.9	897.9
Repurchase agreements with banks	1,675.3	-	-	1,675.3
Repurchase agreements with customers	5,165.7	-	107.5	5,273.2
Debt securities in issue	-	8.1	1,608.4	1,616.5
Short positions	3,305.1	-	-	3,305.1
Derivative liabilities	12,827.6	5.7	-	12,833.3
Trade payables	13.4	-	565.6	579.0
Accruals and deferred income ¹	32.8	-	21.2	54.0
	<u>23,019.9</u>	<u>13.8</u>	<u>3,492.7</u>	<u>26,526.4</u>

Explanatory note on classification of financial assets and financial liabilities

1. Accruals and deferred income contains accrued interest relating to financial liabilities, including deposits by banks, customer accounts, repurchase agreements and debt securities in issue.

B – Fair value hierarchy

The Group has allocated its financial instruments into a three-level fair value hierarchy based on the priority of the inputs to the valuation methodology.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorisation is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the Statement of Financial Position are categorised based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Group has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require market data inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assertions about the assumptions a market participant would use in pricing the asset or liability.

The availability of observable market data will vary from product to product and is affected by a wide variety of factors, including but not exclusive to the type of product and the liquidity of markets and other characteristics particular to the product. Where the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Group in determining fair value is greatest for instruments categorised in Level 3 of the fair value hierarchy.

The Group considers market data that is current as of the measurement date, irrespective of whether that date falls within a period of market dislocation. In such circumstances the observability of market data may be reduced for many products. This condition could cause an instrument to be reclassified between levels within the fair value hierarchy.

The following tables show the analysis of the fair values for fair value instruments disclosed in Note 30 categorised in accordance with the hierarchy described above.

Group

2024	Level 1 £ millions	Level 2 £ millions	Level 3 £ millions	Fair value Total £ millions
Reverse repurchase agreements with banks	-	4,831.7	299.3	5,131.0
Reverse repurchase agreements with customers	-	2,920.9	23.1	2,944.0
Debt and other fixed income securities	2,197.3	3,265.3	1.1	5,463.7
Equity securities	0.9	0.1	3.3	4.3
– Interest rate	0.9	9,025.8	-	9,026.6
– Convertible bond option	-	-	123.8	123.8
– Foreign currency	-	224.7	-	224.7
– Credit	-	332.6	-	332.6
Derivative assets	0.9	9,583.0	123.8	9,707.7
Shares in group undertakings	13.2	-	-	13.2
Financial assets	2,212.3	20,601.0	450.6	23,263.9
Repurchase agreements with banks	-	3,407.1	256.7	3,663.8
Repurchase agreements with customers	-	3,414.6	11.1	3,425.7
Short trading positions	2,939.1	986.4	0.2	3,925.7
– Interest rate	1.3	8,891.1	-	8,892.4
– Convertible bond option	-	-	123.4	123.4
– Foreign currency	-	235.4	0.1	235.5
– Credit	-	348.6	3.3	351.9
– Equity	0.1	-	-	0.1
Derivative liabilities	1.4	9,475.1	126.8	9,603.3
Debt securities in issue	-	-	4.3	4.3
Financial liabilities	2,940.5	17,283.2	399.1	20,622.8

Group

2023	Level 1	Level 2	Level 3	Fair value Total
	£ millions	£ millions	£ millions	£ millions
Reverse repurchase agreements with banks	-	5,798.4	43.5	5,841.9
Reverse repurchase agreements with customers	-	2,040.1	150.9	2,191.0
Debt and other fixed income securities	2,768.6	2,318.2	0.4	5,087.2
Equity securities	2.2	0.1	3.8	6.1
– Interest rate	24.1	12,550.0	-	12,574.1
– Convertible bond option	-	-	70.7	70.7
– Foreign currency	-	124.3	-	124.3
– Credit	-	303.5	-	303.5
Derivative assets	24.1	12,977.8	70.7	13,072.6
Shares in group undertakings	9.9	-	-	9.9
Financial assets	2,804.8	23,134.6	269.3	26,208.7
Repurchase agreements with banks	-	1,534.0	33.8	1,567.8
Repurchase agreements with customers	-	5,222.0	9.3	5,231.3
Short trading positions	2,850.0	568.4	0.3	3,418.7
– Interest rate	17.5	12,309.8	-	12,327.3
– Convertible bond option	-	-	70.6	70.6
– Foreign currency	-	124.3	0.2	124.5
– Credit	-	311.0	-	311.0
– Equity	0.1	-	-	0.1
Derivative liabilities	17.6	12,745.1	70.8	12,833.5
Debt securities in issue	-	-	8.1	8.1
Financial liabilities	2,867.6	20,069.5	122.3	23,059.4

Company

2024	Level 1	Level 2	Level 3	Fair value Total
	£ millions	£ millions	£ millions	£ millions
Reverse repurchase agreements with banks	-	4,789.3	299.3	5,088.6
Reverse repurchase agreements with customers	-	2,959.6	23.1	2,982.7
Debt and other fixed income securities	1,987.8	3,263.1	1.1	5,252.0
Equity securities	0.8	0.1	3.3	4.2
– Interest rate	0.9	9,024.7	-	9,025.6
– Convertible bond option	-	-	123.7	123.7
– Foreign currency	-	224.7	-	224.7
– Credit	-	332.6	-	332.6
Derivative assets	0.9	9,582.0	123.7	9,706.6
Shares in group undertakings	11.8	-	-	11.8
Financial assets	2,001.3	20,594.1	450.5	23,045.9
Repurchase agreements with banks	-	3,407.1	256.7	3,663.8
Repurchase agreements with customers	-	3,455.7	11.1	3,466.8
Short trading positions	2,729.6	986.4	0.2	3,716.2
– Interest rate	1.3	8,890.1	-	8,891.4
– Convertible bond option	-	-	123.4	123.4
– Foreign currency	-	235.5	0.1	235.6
– Credit	-	348.6	3.3	351.9
– Equity	0.1	-	-	0.1
Derivative liabilities	1.4	9,474.2	126.8	9,602.4
Debt securities in issue	-	-	4.3	4.3
Financial liabilities	2,731.0	17,323.4	399.1	20,453.5

Company

2023	Level 1	Level 2	Level 3	Fair value Total
	£ millions	£ millions	£ millions	£ millions
Reverse repurchase agreements with banks	-	5,798.4	43.5	5,841.9
Reverse repurchase agreements with customers	-	2,069.2	150.9	2,220.1
Debt and other fixed income securities	2,621.6	2,317.6	0.4	4,939.6
Equity securities	2.2	0.1	3.8	6.1
– Interest rate	23.8	12,550.0	-	12,573.8
– Convertible bond option	-	-	70.7	70.7
– Foreign currency	-	124.3	-	124.3
– Credit	-	303.5	-	303.5
Derivative assets	23.8	12,977.8	70.7	13,072.3
Shares in group undertakings	8.9	-	-	8.9
Financial assets	2656.5	23,163.1	269.3	26,088.9
Repurchase agreements with banks	-	1,534.0	33.8	1,567.8
Repurchase agreements with customers	-	5,263.9	9.3	5,273.2
Short trading positions	2,736.3	568.5	0.3	3,305.1
– Interest rate	17.3	12,309.8	-	12,327.1
– Convertible bond option	-	-	70.6	70.6
– Foreign currency	-	124.3	0.2	124.5
– Credit	-	311.0	-	311.0
– Equity	0.1	-	-	0.1
Derivative liabilities	17.4	12,745.1	70.8	12,833.3
Debt securities in issue	-	-	8.1	8.1
Financial liabilities	2,753.7	20,111.5	122.3	22,987.5

C – Methods and valuation techniques used to determine fair values

Fair value is the amount at which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

The Group carries positions in financial instruments at a point within the bid-ask range that meets the Group's best estimate of fair value. Bid prices reflect the highest price that a party is willing to pay for an asset. Ask prices represent the lowest price that a party is willing to accept for an asset. For offsetting positions in the same financial instrument, the same price within the bid-ask spread is used to measure both the long and short positions.

The Group determines the fair value of financial instruments either by using prices obtained directly from external data, estimated on the basis of the price established in recent transactions involving similar instruments or by using valuation techniques. These valuation techniques incorporate generally accepted models commonly used by the financial community. They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions.

The fair value for many cash instruments and OTC derivative contracts are derived using pricing models. Pricing models take into account the contract terms as well as multiple input parameters, including, where applicable, equity prices, interest rate yield curves, credit curves, correlation, creditworthiness of the counterparty, creditworthiness of the Group, option volatility and currency rates.

Valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs, but are nevertheless considered by market participants when setting the exit price. The exit costs are priced in terms of bid-mid and mid-ask spreads, which are marked to levels observed in trade activity, broker quotes or other external third-party data. Where these spreads are unobservable for a financial instrument or market data point, spreads are derived from observable levels of similar positions.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market parameters are not readily available, assumptions are set to reflect those that the Group believes market participants would use in pricing the asset or liability at the measurement date. Where the Group manages a group of financial assets and financial liabilities on the basis of its net exposure to either market or credit risks, the Group measures the fair value of those financial instruments consistently with how market participants would price the net risk exposure at the measurement date.

The methods and valuation techniques used to determine fair values used for financial instruments shown at fair value on the Statement of Financial Position are described in more detail below by class of financial instrument.

Reverse repurchase and repurchase agreements

Reverse repurchase agreements and repurchase agreements are carried on the Statement of Financial Position at fair value, with changes in fair value taken through Statement of Comprehensive Income.

The fair value is determined in accordance with relevant market derived interest rates, which principally vary by reference asset type, currency, maturity and the degree of market demand for collateral which underlies individual contracts. Where appropriate, transactions with the same counterparty are reported on a net basis.

Certain Reverse repurchase agreements on underlying CLO warehouse notes are carried on the Statement of Financial Position at Amortised cost, since MHI is not market making or otherwise holding a Trading position for short term gains and essentially is financing the counterparty on the CLO warehouse with the intent to hold to maturity and earn daily accrual interest on the financing amount.

Debt and other fixed income securities

Highly liquid securities are priced from readily available quoted prices. Less liquid securities are priced giving consideration to quoted prices & market derived rates for those securities.

Illiquid securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. These securities are priced using relevant proxy market data as far as possible, and this data chiefly comprises market rates derived from more liquid securities of that issuer, rates implied from recent transactions in that or proxy securities and rates derived from credit derivative markets.

Equity shares

Common and preferred shares traded in active markets are valued using dealer price quotations or exchange prices recorded on the security exchange on which the security is principally traded.

Exchange traded funds are valued at the closing price recorded by the security exchange on which the security is principally traded.

Other financial investments included in equity shares principally comprise investments in a private equity partnership, which is valued based upon regular valuation reports provided by the fund manager.

Derivatives

The fair value of OTC derivatives is taken to be the sum of the estimated future cash flows arising from the instrument, discounted to present value at the date of measurement, using valuation techniques commonly used by the financial markets – “net present value” (NPV).

Credit derivatives

Credit derivatives that reference liquid reference assets, indices or issuers are valued using observable interest rates, credit spreads and recovery rates. To the extent that credit spreads are unobservable, these are determined with reference to recent transactions or proxy spreads from relevant debt securities.

Other derivatives

Vanilla interest rate, inflation and currency derivatives are priced using industry standard models that incorporate observable market interest, inflation and currency rates.

Interest rate, currency and equity derivatives that incorporate option related or other more complex features are priced using industry standard and proprietary valuation techniques. These utilise input parameters which include FX rates, interest rates, and equity prices, together with relevant volatility and correlation rates, and other model parameters. Certain derivative transactions executed with other Mizuho group counterparties have been priced using valuations provided by those counterparties, and those valuations have been based on the techniques described above.

Overnight Indexed Swaps (“OIS”) discounting has been applied to the Group’s derivative transactions conducted under agreements which provide for collateralisation of credit exposures, taking account of factors such as margin thresholds and the currency of collateral provided.

XVA

XVA fair value adjustments comprise Credit Valuations Adjustments (“CVA”), Debit Valuations Adjustments (“DVA”), Margin Valuations Adjustments (“MVA”) and Funding Valuations Adjustments (“FVA”), which in themselves include Funding Benefit Adjustments (“FBA”) and Funding Cost Adjustments (“FCA”).

The closing XVA balances for year ending 31 March 2024 and 31 March 2023 respectively, and the effect on the Statement of Comprehensive Income for the following derivative fair value adjustments is:

Group and Company	2024 £ millions	2023 £ millions	Movement £ millions	Loss / (gain) *
CVA	0.1	0.1	-	-
DVA	-	-	-	-
FVA (FCA/FBA)	(0.4)	(0.2)	(0.2)	Gain
MVA	0.0	1.2	(1.2)	Gain
Total XVA reserve	(0.3)	1.1	(1.4)	Gain

* Increased XVA balances represent a loss and decreased XVA balances represent a gain.

Credit valuation adjustment

The CVA is the mark to market cost of protection required to hedge credit risk from counterparties in the Group’s derivative portfolio, and depends on expected and potential future exposures, default probability and recovery rates. The assessment takes into account whether collateral, netting arrangements or break clauses are in place.

The Group applies credit-related valuation adjustments to its derivative portfolios. The impact of changes in the counterparty’s credit data is considered when measuring fair value. In determining the expected exposure, the Group simulates the distribution of the future exposure to a counterparty, then applies market-based default probabilities to the future exposure, leveraging independent third-party credit default swap (“CDS”) spread data. Where CDS spread data is unavailable for a specific counterparty, CDS spread data that reference a comparable counterparty may be utilised. The Group also considers collateral held and legally enforceable master netting agreements that mitigate the Group’s exposures.

In respect of counterparties that are regarded as distressed, the adjustment is determined through a more judgemental consideration of the likelihood of recovery with regards to the circumstances of those individual counterparties. Key items taken into consideration include the size of the Group’s and third party claims upon the counterparty in comparison to the counterparty’s available assets.

Debit valuation adjustment

DVA are taken to reflect the credit quality of the Group in the valuation of liabilities measured at fair value. This is determined symmetrically to the CVA on the same products & calculation methodologies, based on the negative potential and expected exposures and the Group’s own creditworthiness. The Group’s credit spread is observed through the CDS market to estimate the probability of default and loss given default as a result of a systemic event affecting the Group.

Funding valuation adjustment

The Group’s FVA framework incorporates the impact of funding to its valuation estimates for derivatives. The framework incorporates the Group’s best estimate of the funding cost or benefit that a relevant market participant would consider in the transfer of a derivative. The FVA methodology applies to both assets and liabilities. The key inputs within this process are the expected funding requirement arising from the Group’s positions with each counterparty, giving consideration to the collateral arrangements. A hypothetical funding cost for a transfer to a market participant with similar credit standing as the Group, as exercised in the principal market, has been applied.

Margin valuation adjustment

The Group’s MVA framework reports the impact on funding costs associated with the posting of Initial margin. Such margin must be funded as in the majority of cases, its re-hypothecation is not permissible. Those derivatives which require the posting of such margin will price in those related costs within the fair value representation.

The Group applies MVA only to bilateral derivatives, with centrally cleared derivative portfolios not incurring Margin valuation adjustments.

The methodology adopted incorporates the ISDA proposed model (SIMM) and the Group’s own assessment of the market risk sensitivities prevalent in the derivatives portfolio. The funding level applied within the calculation is identical to that consumed within the FVA model.

Debt securities in issue

Debt securities – adjusted for fair value hedge accounting

The carrying amount of financial liabilities measured at amortised cost are adjusted by the amount of the changes in the fair value associated with those hedged risks.

Debt securities – designated at fair value through profit and loss

Debt securities in issue designated at fair value through profit and loss are priced using an industry standard discounted cash flow analysis model that incorporates the valuation of the relevant market rates which drive the calculation of coupon and principal payments, together with an assessment of the Group’s own credit spread.

31. Share Based Payment

The Group has adopted a deferral plan as part of its remuneration policy, that creates a mechanism to reward staff in line with the longer term performance of their respective divisions and the Group as a whole. The plan also aims to encourage the ongoing retention and motivation of employees over the longer term.

The deferral plan applies to MRTs and other staff whose variable remuneration exceeds defined thresholds. Half of the variable remuneration awarded to MRTs is required to be in the form of shares in the Mizuho Financial Group (or the cash equivalent value of such shares at distribution). Either 40% or 60% of the total variable remuneration of MRTs must be awarded in deferred form, which vests over four and / or five and / or seven years from the date of the non-deferred awards, and is subject to forfeiture conditions. Share based remuneration may also be awarded to non MRTs in the context of hiring, by way of buyout of existing bonus arrangements (including any deferral and / or retention years). Such share based remuneration will be subject to appropriate performance adjustment requirements.

Subject to good leaver provisions, deferred bonuses / awards may be forfeited in the following circumstances: voluntary resignation; or termination of employment for misconduct or gross misconduct; or an employee’s failure to comply with the Group’s professional standards and / or the PRA’s Principles of Approved Persons; or restatement or recalculation of individual, departmental, and / or corporate financial performance; or in the case of MRTs only, assessment or reassessment of individual, departmental, and / or corporate financial performance; or a material error; or a material failure of risk management.

The cost of share based awards has been recognised in the Statement of Comprehensive Income in a time apportioned manner over the relevant vesting years. The liability on the Statement of Financial Position comprises this accrued cost, less any vested awards that have been paid out. Details of awards made, share based payment liabilities and expenses recognition are provided below:

	2024	2023
	£ millions	£ millions
Carrying value of share based payment liability	9.8	7.2
Expense arising from share-based payment transactions	6.8	3.7

32. Country by Country Tax Payments

Group	Income	Profit before tax	Capital	Retained earnings	Tangible assets	Tax paid	Average number of employees
Country (Business)	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions	£ millions
UK (Banking)	216.9	22.4	709.9	19.3	26.6	1.5	500
Germany (Banking)	16.7	0.2	31.4	3.4	0.3	(0.9)	34
United Arab Emirates (Primary debt)	0.6	(8.4)	-	(21.9)	-	-	8
Spain (Banking)	4.9	0.4	-	0.8	0.1	0.1	6
France (Banking)	4.9	0.4	-	1.0	0.1	0.2	5
Consolidated adjustments	0.1	-	(31.4)	-	-	-	-
Total	244.1	15.0	709.9	2.6	27.1	0.9	553

The Group is committed to responsible management of its tax affairs. Tax is managed in accordance with Local laws and the Group is transparent in its interaction with tax authorities. In the UK, the Group has reaffirmed adoption of the HMRC’s Code of Practice on Taxation.

33. Contingent Liabilities

During the normal course of business, the Group may become subject to legal proceedings and other regulatory matters. The Group recognises a provision for a liability in relation to these matters when it is probable that an outflow of economic benefits will be required to settle an obligation resulting from past events, and a reliable estimate can be made of the amount of the obligation. Where the circumstances do not require a provision to be recognised but the probability of an outflow of economic benefits is not considered remote, this may give rise to a contingent liability which requires disclosure.

On 31 October 2022, three former employees of the Company were held by the FCA to have contravened Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse. The decision in respect of each former employee is currently subject to appeal to the Upper Tribunal (Tax and Chancery Chamber).

In the unlikely event that the appeal in respect of one or more former employees is unsuccessful and following the exhaustion of all legal avenues, the Company's maximum potential liability would be restricted to reimbursing its insurers the legal costs incurred by the individuals and paid on their behalf by the Company in relation to this matter, which to date have in turn been claimed from, and paid to the Company, by its insurers. There has been no material change on this matter from the previous year.

34. Post Balance Sheet Events

Sub-lease termination

On 1 April 2024, the operating sub-lease between the Company (as lessee) and MHBK, London branch (as lessor), for the use of office floor space at 30 Old Bailey, was terminated by mutual consent. This was replaced by a new Group Share Agreement between the Company, MECS, MHBK London branch and Asset Management One International, which better accommodates the flexible work arrangements that have been put in place in a post-pandemic environment. As a result, effective 1 April 2024, the Company no longer has any future operating lease commitments under the sub-lease.

Under the termination terms agreed with MHBK, London branch, there are no dilapidation related obligations that the Company is liable for up to the date of termination of the sub-lease. Accordingly, the Company plans to release the dilapidation provision that it currently holds in its books, as well as the associated dilapidation asset in FY 24/25. The Company also plans to release the remaining balance of the lease accrual from its original rent-free period on the basis that sub-lease has now been terminated. The net impact of these is a £7.8m credit which is expected to increase the capital position of the Company and will be reflected in the FY 24/25 accounts.

Commencement of operations in MECS

MECS commenced business operations from 1 April 2024 with the transfer of c.900 employees into the entity from the Company and Mizuho Bank, London Branch. MECS will provide shared corporate function services to the Group and to Mizuho Bank, London Branch and will recharge its costs plus a mark-up to service recipients.

Front Office integration

On 1 April 2024, as part of the ongoing rollout of a unified CIB model within the EMEA region, c.130 front office staff transferred into the Company from Mizuho Bank, London and Dubai Branches. This alignment will enable the business to adopt a more client-centric approach and increase operational efficiencies, ultimately resulting in increased revenues and greater cost transparencies.

35. Parent Undertakings

Mizuho International plc is directly owned by Mizuho Securities Co., Ltd a company which is incorporated in Japan. The Group's ultimate parent undertaking is Mizuho Financial Group, Inc., which is incorporated in Japan.

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

Public Relations Office
Mizuho Financial Group, Inc.
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<https://www.mizuhogroup.com/investors/financial-information/financial-statements>



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