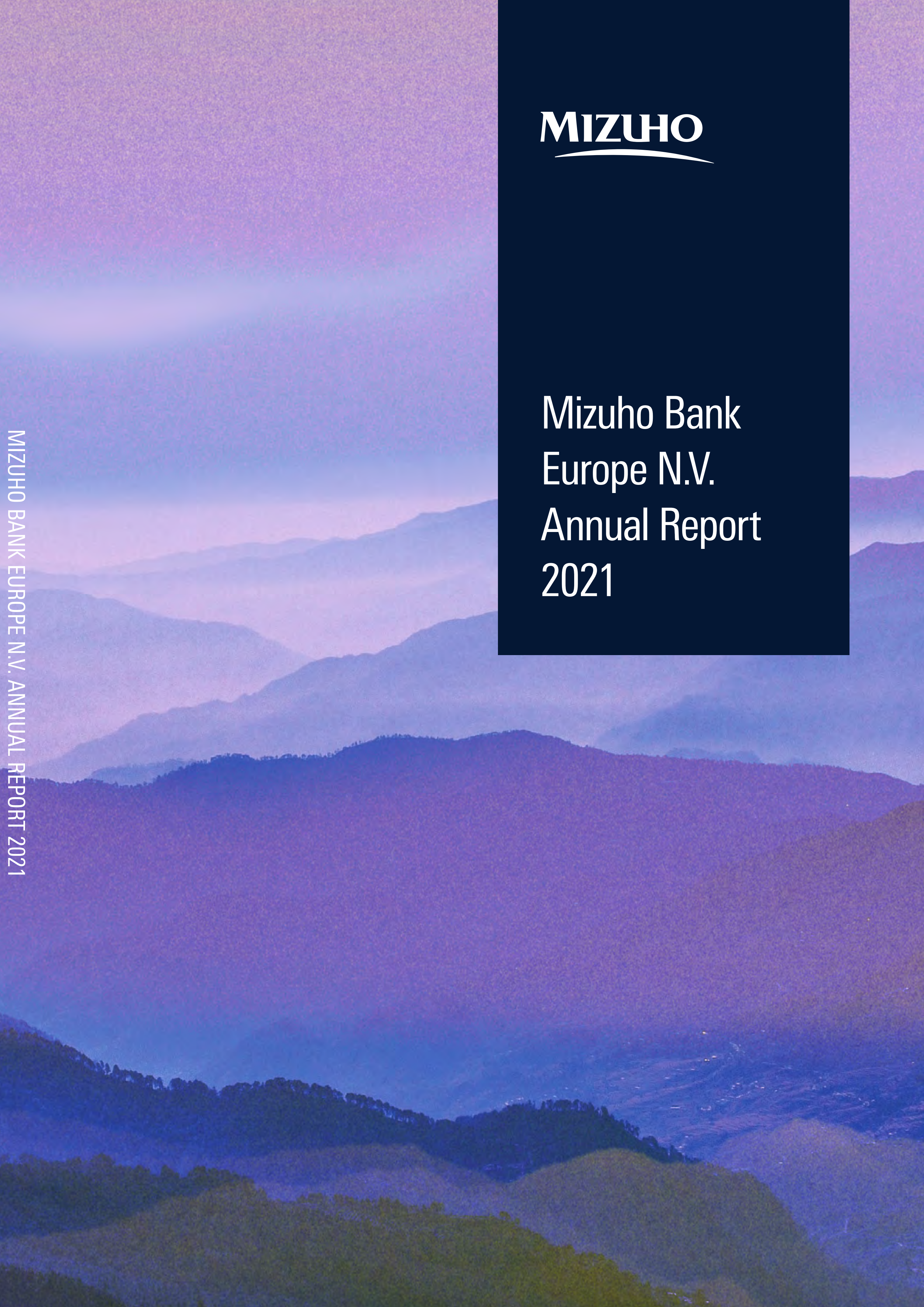


Mizuho Bank Europe N.V. Annual Report 2021

MIZUHO BANK EUROPE N.V. ANNUAL REPORT 2021

Table of Contents

1. About Mizuho Bank Europe 6

1.1 Who We Are 6
1.2 Our Vision and Strategy 9
1.3 Five Years at a Glance 12
1.4 Organization 13

2. Report of the Supervisory Board 14

2.1 Composition of the Board(s) 15
2.2 Professional Excellence 15
2.3 Vision and Strategy 16
2.4 Regulatory Oversight 17
2.5 Meetings of the Supervisory Board 18
2.6 Financial Statements 18
2.7 Closing Remarks 19

3. Report of the Board of Managing Directors 21

3.1 Mizuho Bank Europe 21
3.2 Market Developments and Outlook 22
3.3 Management Board 26
3.4 Financial Performance 28
3.4.1 Operating Income 28
3.4.2 Operating Expenses 28
3.4.3 Efficiency Ratio 28
3.4.4 Balance Sheet 29
3.5 Risk Management 31
3.5.1 Risk Governance 31
3.5.2 Risk Appetite 31
3.5.3 Risk Developments in 2021 31
3.5.4 Risk Outlook in 2022 33
3.6 Compliance 35
3.6.1 Banker's Oath 35
3.7 Remuneration 36
3.7.1 Our Vision on Remuneration 36
3.7.2 Collective Labor Agreement Banks 36
3.7.3 Financial Remuneration 36
3.7.4 Variable Remuneration 36
3.8 Our People 39
3.8.1 Management Changes 39
3.8.2 Promoting Diversity 39
3.8.3 Learning and Development 39
3.9 Doing More for Society 40
3.9.1 Local Partnership 40
3.9.2 Sponsorship 40
3.10 Closing Remarks 41

4. Future Oriented Banking 42

4.1 Compliance with the Banking Code 42
4.1.1 Sound and ethical operation 42
4.1.2 Supervisory Board 43
4.1.3 Management Board 43
4.1.4 Risk Policy 43
4.1.5 Audit 43
4.1.6 Remuneration Policy 44

5. Financial Statements 46

5.1 Balance Sheet 46
5.2 Profit and Loss Account 47
5.3 Cash Flow Statement 48
5.4 Statement of Movement in Equity 49
5.5 Notes to the Financial Statements 50
5.6 Notes to the Balance Sheet 57
5.7 Notes to the Profit and Loss Account 64
5.8 Notes to the Cash Flow Statement 68
5.9 Risk Management 69
5.9.1 Fair Value 69
5.9.2 Risk Policies 70
5.9.3 Risk Appetite 70
5.9.4 Risk Organization 70
5.9.5 Credit Risk 70
5.9.5.1 Policy 70
5.9.6 Concentration Risk 76
5.9.7 Investments 77
5.9.8 Operational Risk 77
5.9.9 Market Risk 77
5.9.10 Interest Rate Risk 77
5.9.11 Foreign Currency Risk 78
5.9.12 Liquidity Risk 79
5.9.13 Compliance and Legal Risk 80
5.10 Appropriation of result 81
5.11 Post balance sheet events 81

6. Other Information 83

6.1 Statutory rules concerning appropriation of the result 83

7. Independent Auditor's Report 84

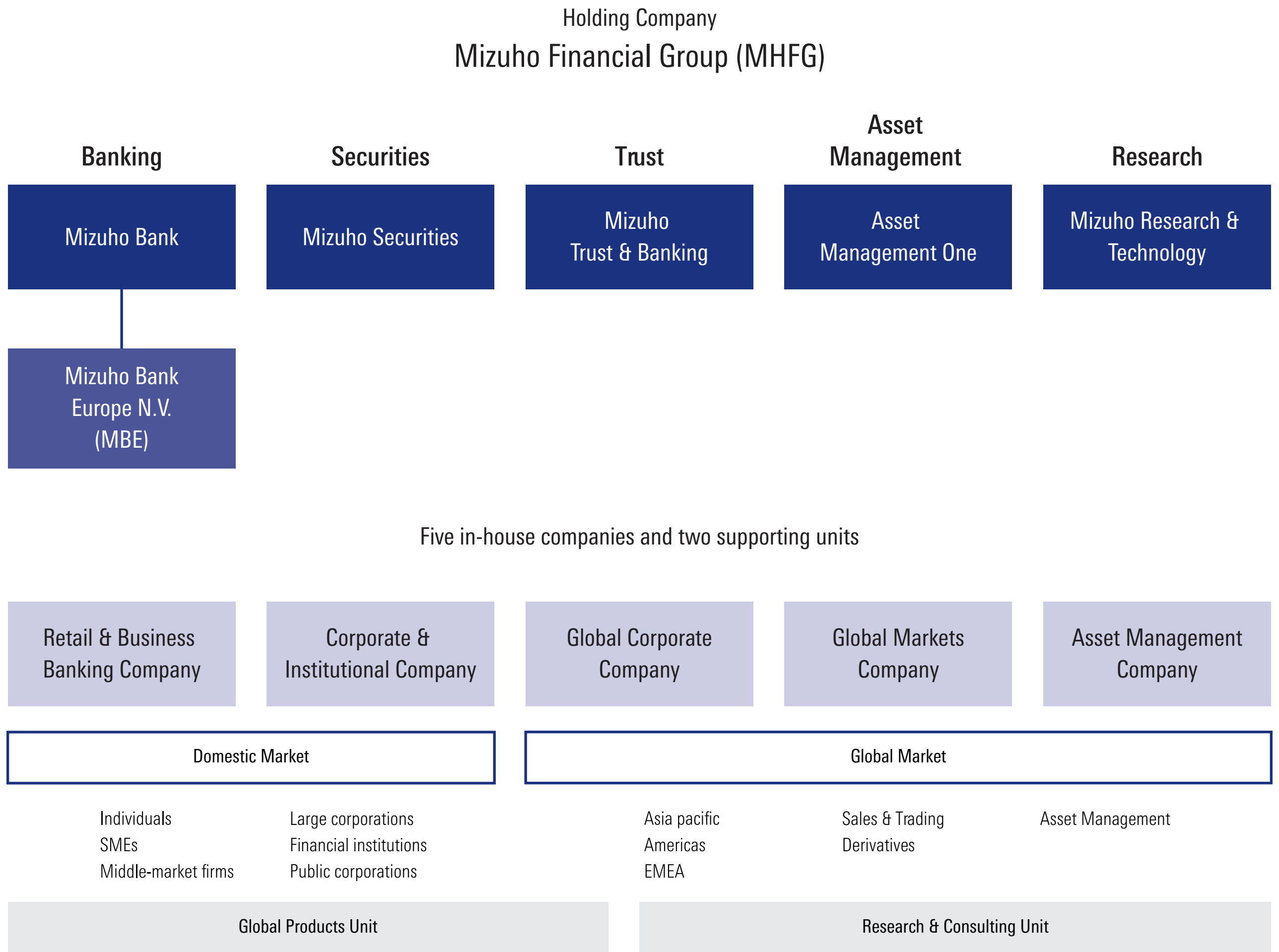
1. About Mizuho Bank Europe

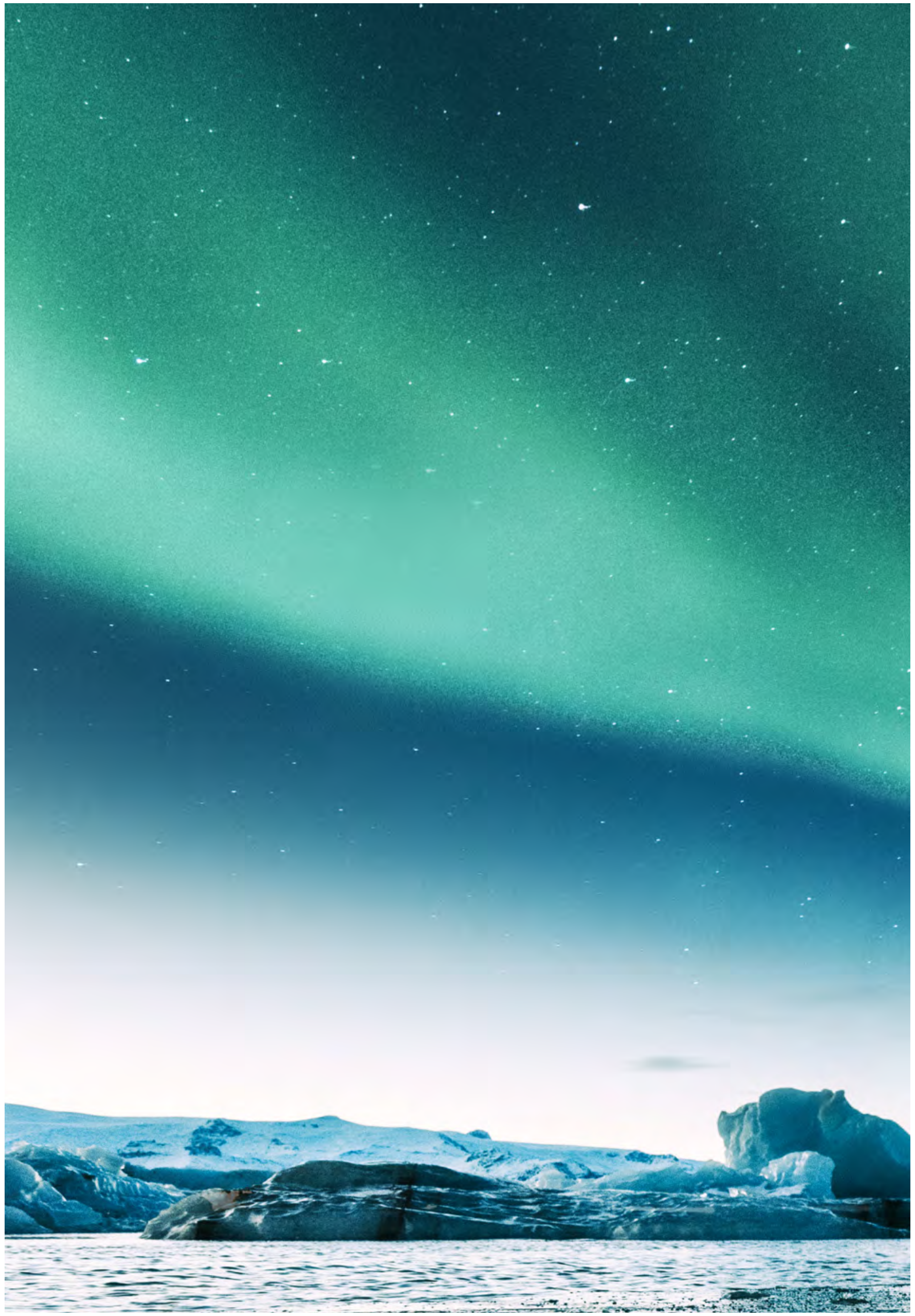
1.1 Who We Are

Established in 1974, Mizuho Bank Europe N.V. (MBE) is a fully-licensed bank incorporated in the Netherlands and supervised by De Nederlandsche Bank (DNB) and the Autoriteit Financiële Markten (AFM). With over 45 years of experience providing financial services to Japanese and non-Japanese customers in the region, we have developed a solid client base and expertise throughout the European Single Market - with a focus on the markets in Benelux, Iberia, and Central & Eastern Europe – using our EU Banking Passport.

MBE is a 100% subsidiary of Mizuho Bank Ltd. (MHBK), which, in turn, is a wholly-owned subsidiary of Mizuho Financial Group (MHFG or Mizuho Group). With branches in Brussels (Belgium), Vienna (Austria), and Madrid (Spain), MBE employs 90 full-time equivalents (FTE) as of 31 December 2021.

The Mizuho Group is a global financial services leader with offices in nearly 40 countries, approximately 55,000 employees, and assets of more than USD 1.8 trillion. The Mizuho Group provides expertise in retail banking, corporate finance, investment banking, asset management, capital markets, and sales and trading, to help businesses develop and find new opportunities.





1.2 Our Vision and Strategy

The Mizuho Financial Group is committed to bringing fruitfulness to all of our stakeholders and contributing to the prosperity of economies and societies throughout the world through our group-wide expertise when conducting business activities and a leading financial services group with a global presence and a broad customer base, we approach our business activities with a commitment to:

- Providing the highest quality financial services to customers worldwide, with honesty and integrity;
- Anticipating emerging trends on the world stage;
- Expanding our knowledge in order to help customers shape their future; and
- Growing together with our customers in a stable and sustainable manner
- Bringing together our group–wide expertise to contribute to the prosperity of economies and societies throughout the world.

These fundamental commitments support our primary role in bringing prosperity fruitfulness for each customer and the economies and the societies in which we operate. Mizuho creates lasting value. It is what makes us invaluable.

We aim to be:

1 **The most trusted financial services group**

To be our customers' most trusted partner, with innovative thinking and extensive financial experience and expertise accumulated from relationships spanning a wide range of customers.

2 **The best financial services provider**

To continuously provide the best, leading-edge financial services to each of our customers, and the related economies and societies we serve, by anticipating changes on both the global and local stages.

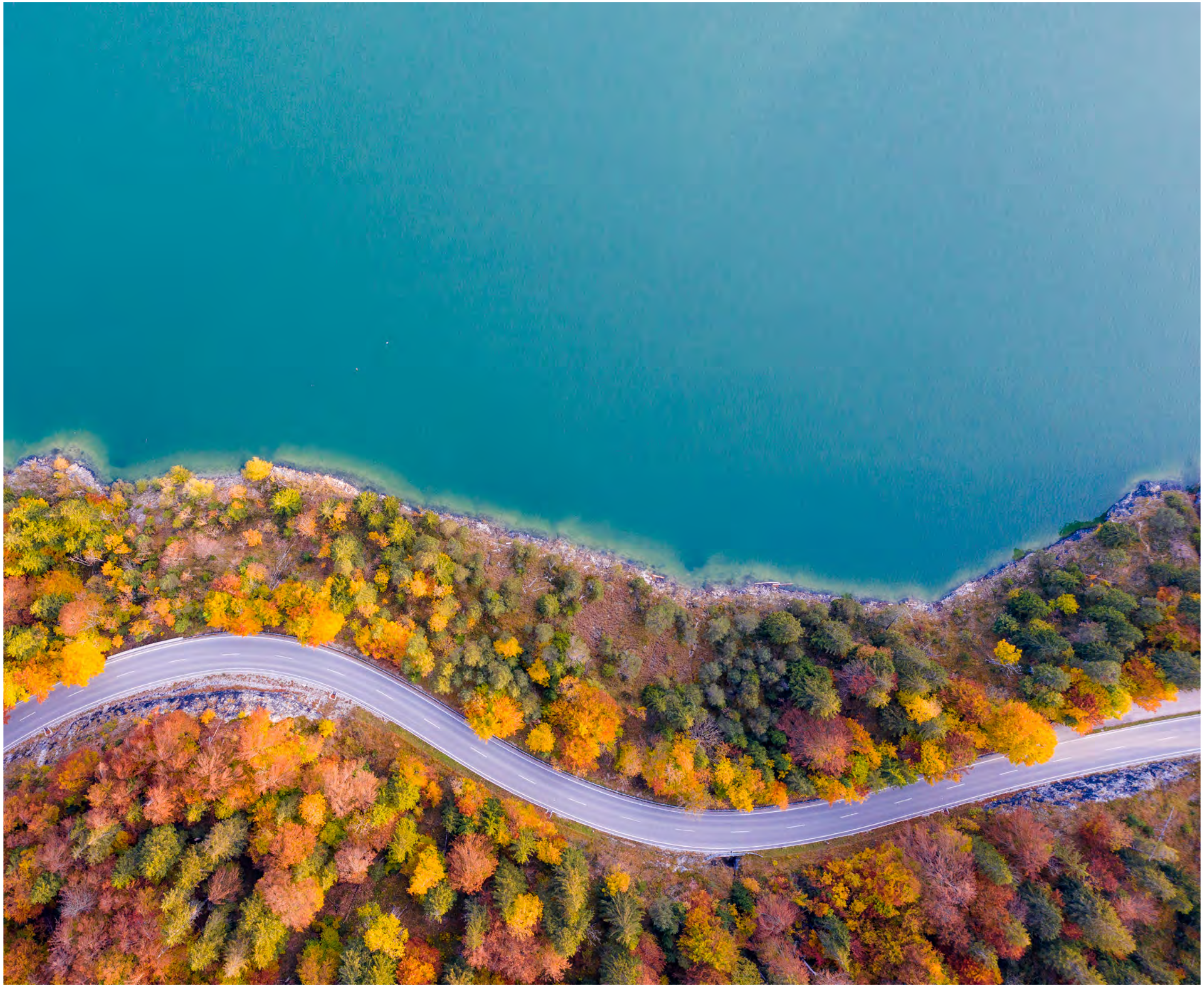
3 **The most cohesive financial services group**

To maximize our extensive expertise and collective capabilities as experienced financial services professionals to meet the diversified and changing needs of our customers, economies and societies.

MBE's local Vision, within the context of the wider Mizuho Group, is to drive the success of our clients and advance the prosperity of the economies and societies of EMEA and beyond. We work towards our vision by leveraging our unique position in providing the best financial solutions for our clients, committing to superior service at every step to help them achieve success.

The Mizuho Values are the shared values and principles of Mizuho's people, uniting all executives and employees across the globe to pursue our Vision.

1. Customer First: The most- trusted partner lighting the future
2. Innovative Spirit: Progressive and flexible thinking
3. Team Spirit: Diversity and collective strength
4. Speed: Acuity and promptness
5. Passion: Communication and overcoming the challenges of the future



1.3 Five Years at a Glance

All figures are before appropriation of profit, whereby the balance represents the figures per 31 December and the profit and loss account represents the figures for the financial year.

(in €'000)	2021	2020	2019	2018	2017
Assets					
Loans and advances to banks	213,046	370,612	500,315	476,698	623,057
Loans and advances to customers	2,907,214	2,269,646	2,371,183	2,309,925	2,074,411
Others (incl. central bank balances)	1,913,663	1,829,154	962,564	1,444,270	1,006,980
Total assets	5,033,923	4,469,412	3,834,062	4,230,893	3,704,448
Liabilities					
Amounts owed to banks	1,459,746	1,121,844	1,121,560	1,314,500	1,036,207
Amounts owed to customers	2,933,336	2,651,775	2,050,051	2,346,319	2,063,635
Others	115,120	177,512	167,766	98,390	154,302
	4,508,202	3,951,131	3,339,377	3,759,209	3,254,144
Shareholders' equity	525,721	518,281	494,685	471,684	450,304
Total equity and liabilities	5,033,923	4,469,412	3,834,062	4,230,893	3,704,448
Profit and loss account					
Total operating income	59,569	63,152	69,481	53,838	46,927
Total operating expenses	(27,749)	(32,584)	(37,122)	(24,791)	(24,636)
Operating result before taxation	31,820	30,568	32,359	29,047	22,291
Income tax	(7,919)	(6,972)	(8,344)	(7,667)	(5,625)
Net result	23,901	23,596	24,015	21,380	16,666
Total capital ratio	17.94%	19.02%	17.29%	17.10%	17.67%
NSFR	117%	130%	110%	138%	122%
LCR	185%	165%	134%	201%	210%
Return on Equity	4.55%	4.55%	4.84%	4.53%	3.70%

1.4 Organization

As of 31 December 2021

Supervisory Board

S. Toda	Chairman of the Supervisory Board and Chairman of the Personnel Committee
P.A. de Ruijter	Chairman of the Audit & Compliance Committee
K. O'Rourke	Chairman of the Risk Committee
G. Kindert	

Advisor to the Supervisory Board

E. van de Merwe

Management Board

S. Kajiwara	Chief Executive Officer
E. Katayama	Chief Business Officer
J. A. Pöhland	Chief Risk & Financial Officer

Department Managers

D. Morival — Chief Strategy & Operating Officer (forming part of the Management Team)

S. Nakamura	Executive Director	Corporate Finance II
K. Iwata	Senior Director	Treasury
G.W. Schuurman	Executive Director	Credit Assessment
S. Witkamp	Senior Director	Human Resources & Facility Management
E. Thijssen	Senior Director, Company Secretary	Legal & Compliance, Company Secretary
D. Morival	Senior Director	Risk Management
C. Uchida	Director	Crdit and Transactions
F. Pieters	Director	Finance
A. Lambert	Director	Internal Audit
A. van Veen	Director	Middle Office
A. Zwart	Director	IT & Data Management
M. Tsuzuki	(Interim)Director	Strategic Planning

Brussles Branch

N. Sasaki — Branch Manager

Vienna Branch

T. Yamamoto — Branch Manager

Madrid Branch

A. Cervera Rodilla — Branch Manager

2. Report of the Supervisory Board

The Supervisory Board supervises the Board, the policies pursued by it and the general course of affairs of MBE. In addition, the Supervisory Board actively advises the Management Board on various matters related to strategy and corporate governance. The Supervisory Board takes into account the interests of all relevant stakeholders in the performance of its duties and responsibilities, including, without limitation, those of MBE, its employees, customers, society and the environment (in which it operates).

2021 remained an extremely challenging year with the COVID-19 pandemic continuing to impact impacting the global economy and societies. We actively supervised the work of the Management Board and offered solicited and unsolicited advice. The engagement between the Management Board and Supervisory Board was higher in 2021 compared to previous years. The Supervisory Board provided guidance on the impact of the COVID-19 pandemic, overall company strategy, risk management, organization, executive decisions, as well as on various other key strategic projects and regulatory developments (including other matters of actual or potential concern).

The Management Board collaborated with us on all of the company's fundamental decisions in a timely and comprehensive manner, which enabled us to perform all the tasks entrusted to us by law, and external and internal regulations. Additionally, the Chairman of the Audit and Compliance Committee was informed directly by the CRFO, Head of Internal Audit and the Head of Legal and Compliance through monthly video calls, ad-hoc calls, and email notifications. Similarly, there was direct communication and reporting between the Chairman of the Risk Committee, CRFO, and Head of Planning & Risk Management. The Supervisory Board also met one-on-one with other (senior) managers of the Bank, to get a complete picture of the organization. As a result, we consider ourselves well informed of (intended) business plans, corporate strategy, risk management, compliance, audit, and the overall performance of MBE and its affiliates, as well as its corporate culture.

The Supervisory Board is pleased that, despite the global pandemic which continued to have an unprecedented impact on the local economy in the Netherlands as well as the global economy at large, MBE has managed to maintain stable business operations/performance and been able to support our clients during these difficult times. In this regard, a special thanks must be given to the Management Board, who has been able to keep a clear course and provide guidance to its personnel throughout the past year, as well as all the employees of MBE for their hard work and continuous support.

Recognizing that corporate culture and staff mental health diminished during the COVID-19 -pandemic, combined with overheated tight labor market, MBE continued to give special attention to the well-being of MBE's employees during the pandemic and took various steps to support staff engagement and motivation. The Supervisory Board supported the Management Board in closely monitoring the well-being of MBE's employees and to provide support where needed.

A new position of Chief Strategy and Operating Officer was created in 2021. The Chief Strategy and Operating Officer will be responsible for the first- line operational functions of MBE. As part of the longer-term vision, MBE is also further further strengthening its three-lines-of-defense model within MBE and has been attracting additional resources and skill sets to support the organization going forward. The Management Board, together with HR, will also focus on continuous staff engagement, staff retention initiatives, and initiating a Ccorporate Culture Journey. The Supervisory Board supports these initiatives to further strengthen the organization and its corporate culture. The Supervisory Board also welcomes the Management Board's initiative to enhance MBE's capabilities to serve its clients and data management capabilities needs within Amsterdam, including streamlining our client onboarding processes in the coming years to reduce the client burden and enhance overall efficiencies and reliability, as well as the continuous strengthening of MBE's Know Your Client and AML capabilities.

2.1 Composition of the Board(s)

By ensuring the right tone from the top, the Supervisory Board is a core part of MBE's governance structure and we believe it is in good shape. The Supervisory Board consisted in 2021 of four members, each with its areas of expertise and diverse nationalities: Japanese, Dutch, Irish, and Hungarian. MBE embraces the principal of having a diverse and balanced composition of its Management and Supervisory Board.

As per the criteria laid down in the Dutch Corporate Governance Code and applied by DNB, two members of the Supervisory Board are independent 'in state and appearance'. The Supervisory Board members have demonstrated a critical, independent view in performing our supervisory and advisory tasks.

Mr. Toda has been acting as Chairman of the Supervisory Board since July 2020. In the second half of 2021 Mr. O'Rourke was reappointed as Supervisory Board member with the mutual understanding that his membership would conclude at year end. The selection for a successor and new Supervisory Board member was concluded in Q4 2021. The selection of qualified candidates was based on experience as well as , knowledge and understanding of the Bank, regulation, and the main challenges MBE is currently facing. Having assessed the background, suitability, and integrity, through means of documentation and interviews, the Supervisory Board unanimously nominated a preferred candidate: Mr. C. Camboly. The application for a declaration of non-objection regarding appointment of the preferred candidacy has been submitted to the supervisory authority and the non-objection was received on 18 March 2022. The term of Supervisory Board Member Mrs. G. Kindert has not been extended since her term ended on 14 March 2022. The Supervisory Board and MBE appreciates the services rendered in her capacity as a Supervisory Board member. The selection of a qualified replacement has begun and is expected to be completed shortly.

As Supervisory Board, we are continuously supported by our long-standing advisor Mr. Van de Merwe. Mr. Van de Merwe advised on various issues on both local and EU levels, with a primary focus on governance, risk management, compliance, and audit matters. He was also consulted on the content for the Lifelong Learning Program and the assessment of the functioning of the Supervisory Board. We are pleased that he will continue his advisory role in the year to come.

In 2021, there were no changes in the composition of the Management Board.

2.2 Professional Excellence

Due to COVID-19 and the organizational challenges posed by the pandemic it was not possible to conduct a full Lifelong Education Program at MBE. Needless to say, almost all Supervisory Board members attended various ad-hoc seminars, trainings, and conferences to remain on top of developments. The Supervisory Board attended an educational session as a part of MBE's Lifelong Education Program covering 'outsourcing management' with Speaker M. Brouwer, Partner at PriceWaterhouseCoopers N.V. and, in addition, all supervisory board members attended a virtual off site with several sessions on 'culture', which included an interactive session on 'Employee Motivation and Corporate Performance' by Mr. J. Birkinshaw, Professor of Strategy and Entrepreneurship at the London Business School.

In 2021 the Supervisory Board self-evaluated its functioning through the annual self-assessment, performed by its long-time advisor. During the assessment, the functioning and governance of the Supervisory Board were reviewed. As part of the assessment, the Advisor to the Supervisory Board held individual qualitative interviews with all the members of the Supervisory Board and Management Board, and conducted supplementary interviews with senior management representatives of Mizuho Bank Ltd, London Branch. The recommendations to improve the functioning of the Supervisory Board and the Management Board and their mutual interaction have been presented to both corporate bodies jointly and will be followed. In line with the Dutch Banking Code, this self-assessment will be evaluated every three years under independent supervision, lastly in 2020 by an external, specialized consultancy firm.

2.3 Vision and Strategy

One of the responsibilities of the Supervisory Board is providing advice to the Management Board with regard to MBE's mission, strategy and objectives. In 2019, MHFG launched its 5-year Midterm Business Plan titled "Transitioning to the Next Generation of Financial Services" ("Business Plan"). In the Business Plan, MHFG outlines, over a span of 5 years, how it intends to address structural changes in the industry and environment, such as digitalization, an aging society with a low birthrate, and globalization. The key strategy formulated in the Business Plan is to go beyond the conventional boundaries of finance and to create new value incorporating both financial and non-financial products and services in order to forge new forms of partnerships with its clients. MHFG intends to realize this strategy by i) drawing on the strengths the MHFG has cultivated thus far and ii) accelerating acceleratinge digitalization initiatives and proactive collaboration with external partners. To support MHFG's Vision & Mission, MBE has adopted its own vision "to drive the success of our clients and advance the prosperity of the economies and societies of EMEA and beyond." We work towards our vision by leveraging our unique position to provide the best financial solutions for our clients, committing to superior service at every step to help them achieve success.

In 2021 the Management Board and Supervisory Board continued to ensure there is an alignment between MBE's strategy and that of MHFG. To that end, in 2021, the Management Board and Supervisory Board extensively discussed a regional project intended to strengthen non-Japanese business in the region (to align with North America and global trends) from a country lead to an industry- lead business model. Set up and structure was discussed intensively, focusing on MBE's situation and business enhancement, and a new structure was finally agreed in early 2021. Since the announcement, the execution was managed professionally and swiftly without negative impact to our clients or business. The Management Board has kept the Supervisory Board apprised of the progress of the strategic project and various initiatives taken to ensure that business is being maintained.

Based on the work already done in 2019, MBE has further strengthened its Strategy and Vision. An updated Mid Term Strategy Plan will be presented by the Management Board to the Supervisory Board for further discussion in March 2022.

Following, a virtual Supervisory Board offsite meeting in November 2020 during which ESG was intensively discussed, it was intended to further discuss and work out MBE's response to ESG and its local business plan in more detail during a follow up offsite meeting in the third quarter of 2021. Due to several constraints, this follow up has been rescheduled and will be part of the discussion on MBE's Mid Term Strategic Plan in March 2022. Focus will be on how MBE will meet its regulatory obligations and create new business opportunities within the strategic framework of MBE, and to confirm earlier strategic priorities to ensure that we continue to provide the best financial solutions for our clients, committing to superior service at every step. The Supervisory Board continues to believe that the local Mid Term Strategic Plan will play an important role in expanding the business opportunities for MBE, making it resilient in facing the challenges of the near future.

Integrity and ethics are of great importance for the banking industry, which is why the Bank's corporate culture has our full attention. We encourage MBE's voluntary adherence to the (best practices of the) Dutch Corporate Governance Code and we monitored the measures that were taken to comply with its provisions. These topics remain high on the agenda of the Supervisory Board and will continue to be regularly discussed in the coming years. Complementary, the Supervisory Board will focus on MBE's culture and focus on retention of employees as reflected in Paragraph 1.4

2.4 Regulatory Oversight

Financial institutions play a pivotal role in the economy, both globally and locally. These institutions help in bridging the gap between idle savings and investment and its borrowers, as intermediaries.

The past decade of regulatory reform measures and oversight has ensured that the financial system has been better positioned to address turbulence and volatility in the economy. Capital and liquidity positions have been substantially strengthened, and counterparty credit risk has been reduced and mitigated through greater adoption of central clearing and collateralization of exposures. This enhanced resilience has supported banks', including MBE's ability to provide credit and financial intermediation to the real economy.

MBE clearly understands its role and responsibilities as an EU- licensed banking entity. We always strive to maintain a sound understanding of, and be in compliance with, the regulatory environment, pertaining to the Bank's business model, organizational structure as well as its risk appetite framework. In doing so we have always tried to maintain an open and pro-active dialogue with our regulators, and have strived to meet the expectations of all our stakeholders, including clients and regulators. As with previous years, in 2021 the Bank faced an increasingly- demanding regulatory landscape.

With respect to MBE's Remuneration Policy, the Supervisory Board closely monitored the proper implementation of the new Capital Requirements Directive (CRD) V as well as the WBFO (Act on Remuneration Policies for Financial Institutions).

During 2021, and similar to 2020, the Supervisory Board had given special attention for the following key projects: LIBOR discontinuation, IT security framework, SREP, SIRA, operational risk management, outsourcing, data quality management, ESG, and the KYC/AML governance framework.

As a result of COVID-19, employees were instructed to work remotely from home, which posed challenges for the Bank in terms of IT and information security. MBE was able to adequately manage these risks in 2021. External threats and events such as the increase in cybercrime require a continuous focus on data protection and cybersecurity.

Communication with MBE's home state regulators, DNB and AFM, has been open and constructive. In 2021, MBE had an on-site visit from DNB related to data quality. DNB shared its findings in July 2021. A Data Quality Project was started to ensure that MBE is able to remediate these findings and to leverage market best practices. A number of findings have been successfully closed, but the Project will continue in 2022.

In December, MBE received the outcome of the DNB Outsourcing Deep-Dive RAS Inspection conducted by DNB in October 2021.The overall finding was that MBE in 2018 made a good start by setting up the new outsourcing policy and processes. However, since then there has not been sufficient attention to outsourcing risk within the organization, especially with respect to the EBA guidelines on outsourcing arrangements, . MBE initiated an Outsourcing Project to ensure that its existing Service Level Agreements (SLA) are made compliant with those guidelines and said project is due to be finished in March 2022.

During 2021, the Management Board implemented a new organizational set-up, supportive of an enhanced segregation of duties in line with the 3 Lines of Defense Model. To support further strengthening of MBE's organization, the Management Board has, during 2021, launched two Strategic Resource Plans (1.0 and 2.0), as well as a Cultural to secure MBE's cCulture and retention of its employees.

The Supervisory Board was proactively informed by Management Board and involved in these initiatives, and the Supervisory Board is satisfied with the way Management Board followed up on these topics. As these are considered key topics, the Supervisory Board will continue to closely monitor progress made and support the Management Board by providing guidance and assistance in these areas, when and where required.

2.5 Meetings of the Supervisory Board

All members of the Supervisory Board are firmly committed and believed to have demonstrated this commitment throughout 2021. There were three general Supervisory Board meetings held last year as well as several ad-hoc meetings. The fourth Supervisory Board Meeting, being the last of the calendar year, was rescheduled and held on 18 January 2022. The attendance rate for all Supervisory Board members was 100 percent. There was one Personnel Committee meeting held. Furthermore, the Audit and Compliance Committee held two meetings and the Risk Committee of the Supervisory Board held two meetings. In all of these meetings the Management Board, senior representatives of Internal Audit, Planning & Risk Management, Legal & Compliance and External Audit participated, where appropriate. Main considerations and conclusions of the Audit and Compliance Committee, and the Risk Committee, were shared with the Supervisory Board, where formal decision-making takes place.

To ensure all key issues are addressed in the meetings of the Supervisory Board and its sub-committees, MBE uses a year meeting planner. As with previous years, recurring topics such as governance, risk management, compliance matters (KYC/AML), legal matters, financial matters, resources issues, regulatory matters, (new) business initiatives, IT infrastructure, privacy, data protection, and cybercrime, as well as audit reports will continue to have our full attention.

2.6 Financial Statements

In compliance with local law and article 16 of MBE's articles of association, the Management Board presented to the General Meeting of Shareholders the financial statements of the year 2021, together with the explanatory notes. The Supervisory Board carefully reviewed the financial statements and submitted its advice, to approve the financial statements, at the Company's offices for inspection by the shareholders.

2.7 Closing Remarks

2021 has been another extraordinary year, heavily impacted by the COVID-19 pandemic and volatile markets, which MBE has withstood thanks to the diligence and hard work of MBE's employees and the Management Board. We would like to recognize these efforts and thank them for all their hard work.

With the rapidly escalating Russian-Ukraine crisis having profound impact onin individuals and the society at large, the Supervisory Board is carefully monitoring its impact on MBE, its clients, staff, operations, and risk management. The Supervisory Board fully understands that the complexity of all the different sanctions will significantly impact the compliance functions of MBE and the risks associated with that. Therefore, the Supervisory Board will be in close coordination with the Management Board to ensure there is sufficient capacity and attention to manage the Russia -Ukraine crisis. The Supervisory Board understands that, where and when needed, appropriate actions have already been taken by the Management Board.

The Supervisory Board looks forward to continuing the fruitful cooperation in 2022.

Amsterdam 29 March 2022

Shinsuke Toda (Chairman)
Peter de Ruijter
Christophe Camboly

3. Report of the Board of Managing Directors

We are pleased to present the financial statements of Mizuho Bank Europe N.V. for the financial year 2021.

3.1 Mizuho Bank Europe

With COVID-19 still impacting personal lives, businesses, and societies around the world, the Management Board has ve tried to take all necessary steps to support our clients and all our stakeholders (including our staff) in these unusual and challenging times. Not only individuals, but businesses and cultures are being impacted by COVID-19, and will forever be changed compared to the pre-COVID-19 period. Although some of these changes will be experienced and perceived as more negative experiences/habits, it has also brought about new opportunities and a new way of living for many. Not only has the pandemic accelerated digitalization and how we manage our lives in almost every aspect, it has also created new business opportunities for established and new entrants. MBE and the Management Board are proud to see how staff have has adopted to these unprecedented times and been able to relentlessly deliver service to our clients.

All in all, we can proudly look back on a year where we kept delivering high-value client service, but where we had to manage an organization that was dealing with many complex and difficult regulatory-driven projects under sub-optimal conditions. Recognizing the challenges and the need to maintain superior service to our clients and advance the prosperity of the economies and societies of EMEA and beyond, the Management Board has decided to strengthen the organization, both in terms of increased resources and better organizational structure that will enhance efficiency and effectiveness. In providing superior service, Mizuho and MBE are offering a more industry-driven model to provide our clients with more high- value and tailored services to our clients and something that will evolve over time across MBE's total client portfolio. These are great achievements, and the Management Board would like to thank you all for your continued support and commitment!

Although 2021 was the year we had hoped that COVID-19 would be less dominant and we could more frequently meet all our clients – and MBE staff could to come together more frequently to even better serve all our stakeholders – we have been able to create a new momentum and we hope that in 2022 our clients notice the changes and enhancements made.

However, with the Russia Ukraine crisis escalating rapidly, having a profound impact on individuals and the society at large, the Management Board realize that this new event is already causing an impact on the financial markets, MBE, clients, staff, operations, and risk management. The Management Board also understands that the complexity of all the different sanctions will significantly impact the compliance functions of MBE and the risks associated with that. Therefore, the Management Board needs to ensure there is sufficient capacity and attention to manage the Russian-Ukraine crisis and navigate through the regulatory framework that exists and is applicable to MBE.

Furthermore, MBE has started a risk impact assessment and set up a contingency team as a preliminary measure to ensure business continuity and to mitigate a possible negative impact from this crisis. MBE has identified its indirect exposures to the industries that are risk-sensitive to this crisis and closely monitors its risk profile changes. The Management Board and the Risk Management department are aware of the current situation and are actively monitoring the daily developments of this geopolitical crisis. Where and when needed, appropriate actions are taken. In addition to the above, MBE closely monitors its liquidity status to ensure an ample liquidity buffer is in place to mitigate any possible liquidity stress from the market.

MBE and the Management Board remain committed to supporting the Mizuho Group and will remain so in supporting our loyal clients in the whole region and beyond.

3.2 Market Developments and Outlook

Uncertainty over the economic outlook is now arguably the highest it has been, since the start of the pandemic in early 2020. While economic growth in late 2021 has been strong, as economies have largely opened up, the supply-side has been struggling to keep up with resurgent demand, which is putting pressure on inflation. If that were not enough, the Russian actions towards Ukraine, the humanitarian crises and the international reactions to the escalating conflict are creating significant disruptions to trade between the regions and the economies. Many Eurozone countries and countries elsewhere in the world are now directly impacted by various trade sanctions, access to foreign currencies, and various commodities.

According to the ECB, soaring energy prices and negative confidence effects imply significant headwinds to domestic demand in the near term, while the series of deployed sanctions and sharp deterioration in the prospects for the Russian economy will, according to European Central Bank, weaken euro area trade growth. The baseline projections are built on the assumptions that current disruptions to energy supplies and negative impacts on confidence linked to the conflict are temporary and that global supply chains are not significantly affected. Based on these assumptions, the baseline projections foresee a significant negative impact on euro area growth in 2022.

Nevertheless, given the starting point for the euro area economy, with a strong labour market and headwinds related to the pandemic and supply bottlenecks assumed to fade, economic activity is still projected to expand at a relatively strong pace in the coming quarters. Over the medium term, ECB expects a growth scenario that will converge towards historical average rates, despite a less supportive fiscal stance and an increase in interest rates in line with the technical assumptions based on financial market expectations.

Overall, real GDP growth in the euro area is projected to average 3.7% in 2022, 2.8% in 2023, and 1.6% in 2024. Compared with the December 2021 ECB projections, the outlook for growth has been revised down by 0.5 percentage points for 2022, owing mainly to the impact of the Ukraine crisis on energy prices, confidence, and trade. This downward revision is partly offset by a positive carry-over effect from upward data revisions for 2021. Growth in 2023 has been revised down by 0.1 percentage points, while in 2024 it is unchanged.

Following a series of exceptional energy price shocks, the conflict in Ukraine implies that headline inflation in the baseline is projected to remain at very high levels in the coming months. According to ECB, the inflation is set to average 5.1% in 2022, 2.1% in 2023 and 1.9% in 2024. Near-term price pressures have risen significantly, in particular those related to oil and gas commodities. These pressures are assessed to be more lasting than previously expected and to be only partly offset by dampening effects on growth from lower confidence and by weaker trade growth related to the conflict. Nevertheless, in the absence of further upward shocks to commodity prices, energy inflation is projected to drop significantly over the projection horizon. In the short term, this decline relates to base effects, while the technical assumptions based on futures prices embed a decline in oil and wholesale gas prices resulting in a negligible contribution from the energy component to headline inflation in 2024.

On account of the significant uncertainty surrounding the impact of the conflict in Ukraine on the euro area economy, in addition to the baseline, two scenarios have been prepared. Compared with the baseline, an "adverse" scenario assumes that stricter sanctions are imposed on Russia, leading to some disruptions in global value chains. Persistent cuts in Russian gas supplies would lead to higher energy costs and to cuts in euro area production, but this would be only temporary as substitution into other energy sources takes place.

In addition, geopolitical tensions would be more sustained than in the baseline, leading to additional financial disruptions and more persistent uncertainty. Under such a scenario, euro area GDP growth would be 1.2 percentage points lower than the baseline in 2022, while inflation would be 0.8 percentage points higher. Differences would be more limited in 2023.

In 2024, growth would be somewhat stronger than the baseline as the economy catches up after the larger negative impact on economic activity in 2022 and 2023. As oil and gas markets rebalance, the large spikes in energy prices would gradually unwind, causing inflation to decline below the baseline, especially in 2024. A more "severe" scenario includes, in addition to the features of the adverse scenario, a stronger reaction of energy prices to more stringent cuts in supply, stronger repricing in financial markets and larger second-round effects from rising energy prices. This scenario would imply GDP growth in 2022 that is 1.4 percentage points below the baseline, while inflation would be 2.0 percentage points higher.

Significantly lower growth and higher inflation, compared with the baseline, would also be seen in 2023. Higher persistence of the disruptions triggered by the war imply that, in 2024, the catch-up effects on growth would be relatively modest whereas stronger second-round effects would offset the negative impact on inflation from declining energy prices.

Macroeconomic Projections For the Euro Area

(annual percentages changes)

	March 2022					December 2021			
	2020	2021	2022	2023	2024	2021	2022	2023	2024
Real GDP	-6.5	5.4	3.7	2.8	1.6	5.1	4.2	2.9	1.6
Private consumption	-8.0	3.4	4.6	2.6	0.9	3.3	5.9	2.8	1.0
Government consumption	1.2	3.8	0.1	0.3	1.1	3.9	0.2	0.5	1.3
Gross fixed capital consumption	-7.3	3.5	3.0	3.8	2.5	3.7	3.9	4.3	2.4
Exports[1]	-9.4	10.6	7.8	6.3	3.1	9.3	6.4	6.4	3.1
Imports[1]	-9.3	7.8	7.0	5.8	2.8	7.0	6.1	6.4	2.9
Employment	-1.5	1.1	1.4	0.7	0.6	1.1	1.3	1.0	0.6
Unemployment rate (percentage of labour forces)	7.9	7.7	7.3	7.2	7.0	7.7	7.3	6.9	6.6
HICP	0.3	2.6	5.1	2.1	1.9	2.6	3.2	1.8	1.8
HICP excluding energy	1.0	1.5	2.9	2.0	2.0	1.5	2.1	1.9	1.9
HICP excluding energy and food	0.7	1.5	2.6	1.8	1.9	1.4	1.9	1.7	1.8
HICP excluding energy, food and changes in indirect taxes[2]	0.8	1.3	2.5	1.8	1.9	1.3	1.9	1.7	1.8
Units labour costs	4.6	-0.2	1.3	1.3	1.9	0.3	0.9	1.0	1.9
Compensation per employee	-0.7	4.0	3.6	3.4	2.9	4.2	3.8	2.9	2.9
Labour productivity	-5.1	4.2	2.3	2.1	1.0	3.9	2.9	1.9	1.0
General government budget balance (percentage of GDP)	-7.2	-5.5	-3.1	-2.1	-2.0	-5.9	-3.2	-2.1	-1.8
Structural budget balance[3] (percentage of GDP)	-4.8	-3.6	-2.5	-2.3	-2.3	-4.0	-2.6	-2.3	-2.1
General government gross debt (percentage of GDP)	97.3	95.8	92.0	80.6	88.7	96.6	93.2	90.7	89.7
Fiscal stance (adjusted for NGEU grants)[4]	-4.2	0.5	0.9	0.2	0.1	0.2	1.1	0.3	0.3
Current account balance (percentage of GDP)	1.9	2.5	1.7	2.2	2.5	2.0	1.8	1.9	2.1

Notes: Real GDP and components, unit labour costs, compensation per employee and labour productivity refer to seasonally and working day-adjusted data. Historical data may differ from the latest Eurostat publications due to data releases after the cut-off date for the projections.
1. This includes
2. The sub-index is based on estimates of actual impacts of indirect taxes. This may differ from Eurostat data, which assume a full and immediate pass-through of indirect tax impact to the HICP.
3. Calculated as the government balance net of transitory effects of the economic cycle and measures classified under the European System of Central Banks definition as temporary.
4. The fiscal policy stance is measured as the change in the cyclically adjusted primary balance net of government support to the financial sector. The figures shown are also adjusted for expected Next Generation EU (NGEU) grants on the revenue side. A negative figure implies. A negative figure implies a loosening of the fiscal stance.

Growth and inflation projections for the euro area

(annual percentage changes)

	March 2022 projections				**Adverse scenario**				**Severe scenario**			
	2021	2022	2023	2024	2021	2022	2023	204	2021	2022	2023	2024
Real GDP	5.4	3.7	2.8	1.6	5.4	2.5	2.7	2.1	5.4	2.3	2.3	1.9
HICP Inflation	2.6	5.1	2.1	1.9	2.6	5.9	2.0	1.6	2.6	7.1	2.7	1.9

Notes: Real GDP figures refer to seasonally and working day-adjusted data. Historical data may differ from the latest Eurostat publications due to data release after the cut-off date for the projections.

The Russian invasion of Ukraine brings great suffering and uncertainty. The most important economic consequence for the Netherlands, at the moment, even higher energy prices. At this stage, any other effects, such as on trade, financial markets and on investments & consumption are still limited. The additional increase in energy prices comes on top of an already high inflation rate, as mentioned above. According to CPB Netherlands Bureau for Economic Policy Analysis publication on 9 March 2022, the revised projection for inflation in 2022 is 5.2%. To illustrate the degree of sensitivity, the report also includes the consequences if energy prices would remain high for a longer period of time, as well as if they were to return to their 2019 level this summer. In these two variants, inflation in 2022 would come to a respective 6.0% and 3.0%.

Rising energy prices have an impact on static purchasing power. In the baseline projections, purchasing power in 2022 decreases by an average 2.7%, in the high variant it would decline by 3.4%, and in the low variant by 0.6%. It should, however, be kept in mind that the impact of these energy prices will vary, considerably, per household.

CPB furthermore projects a continued increase in domestic production levels. The economy is expected to grow by 3.6% in 2022 and 1.7% in 2023, with consumption and exports making the largest contributions. In the coming years, growth will also be driven by the additional spending that results from the coalition agreement. The labour market is projected to remain tight, with unemployment rising only slightly to 4.3% in 2023.

Projections March 2022 (CEP 2022)	2020	2021	2022	2023
Production increases (GDP growth, in %)	(3.8)	4.8	3.6	1.7
Labour market remains tight (unemployment, % labour force)	4.9	4.2	4.0	4.3
High energy prices result in substantially higher inflation (CPI, in %)	1.3	2.7	5.2	2.4
Static purchasing power this year declining, recovering thereafter (%)	2.5	0.1	(2.7)	1.9
Government deficit decreasing, in the short term (% of GDP)	(4.2)	(4.4)	(2.5)	(2.3)

CPB's Central Economic Plan (CEP) also contains an outlook on the budgetary and economic developments up to 2030. It shows that, amongst other things, purchasing power development will be slightly positive throughout the current government term (2022–2025), because wage growth will exceed inflation in the years after 2022. The outlook also shows that the additional spending from the coalition agreement will become apparent in the government finances, particularly after 2025, on top of the effect of population ageing. The government deficit increases to 3.5% of GDP by 2030, while the government debt increases by about 8 percentage points between 2025 and 2030, up to 61% of GDP.

Although both the EU and US are experiencing the highest inflation levels since the financial crises in 2009, it seems the monitory policy approach by the US Federal Reserves and European Central Bank are very different. While the US Federal Reserves has triggered a more aggressive interest rate policy, we do not expect the ECB to follow, given the very different macroeconomic circumstances in the Eurozone, and this will have global spill-over effects over the coming year.

The Dutch labour market showed resilience in 2021 and the CPB expects an unemployment rate by the end of the year of 3.4%. According to Statistics Netherlands, the latest recorded figure is 2.9% for October 2021. This means the unemployment level is back at the record low, pre-crisis level of March 2020. Figure 1 shows that the Netherlands, together with Germany, has the lowest unemployment rate among Eurozone countries. Furthermore, the unemployment rate is significantly lower than the euro-area average of 7.3%. For 2022, the CPB expects the unemployment rate to remain roughly the same as in 2021. Due to the substantial government support measures, a large wave of layoffs has been avoided. On the contrary, the labour market is particularly tight at the moment. The number of vacancies currently outnumber the level of unemployment. Partly due to a mismatch between vacancies and skills of the unemployed, multiple sectors are now facing labour shortages.

Figure 1 - Unemployment rate in October 2021, seasonally adjusted data (% of labour force)

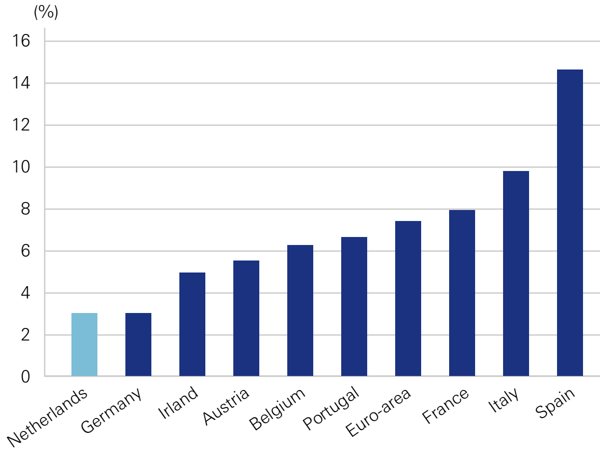


Table 1 - Key economic figures for the Netherlands (short-term, base-scenario)

% change y-o-y	2020	2021	2022
GDP	(3.8)	3.9	3.5
Household consumption	(6.6)	2.4	5.8
Government consumption	1.0	6.0	1.5
Investment (including inventories)	(5.4)	1.7	3.6
Exports	(4.8)	6.8	5.4
Imports	(5.5)	6.5	6.4
Employment (in hours)	(2.7)	2.3	1.8
%	**2020**	**2021**	**2022**
Unemployment (% labour force)	3.8	3.4	3.5

Source: CPB, September 2021

Table 2 - Key economic figures for the Netherlands (medium-terms)

% change y-o-y	2009/2013	2014/2017	2018/2021	2022/2025
GDP	(0.4)	2.1	1.1	1.9
Household consumption	(0.8)	1.4	(0.4)	2.8
Government consumption	0.8	0.7	2.9	1.2
Investment (including inventories)	(3.7)	5.5	1.8	2.0
Exports	2.2	5.0	2.0	3.5
Imports	1.7	5.3	2.1	4.1
Employment (in hours)	(0.6)	1.6	1.1	0.8
%	**2009/2013**	**2014/2017**	**20212018/**	**2022/2025**
Unemployment (% labour force)	7.3	4.9	3.4	4.3

Source: CPB, September 2021

3.3 Management Board

Recognizing the changing evolving and challenging environment – in terms of new client demands and how they expect to be serviced in a rapidly changing digital environment, how banks are being supervised, and new regulatory requirements – the Management Board has taken various steps in 2021 to further enhance our capabilities and processes. Most noteworthy is our commitment to enhance our client data management capabilities within Amsterdam, including streamlining our client-onboarding processes in the coming years. This will ultimately reduce the client burden and enhance overall efficiencies and reliability. At the same time we continue strengthening our Know Your Customer and AML capabilities, something we will continue to improve in the coming years. The Management Board continues to promote good corporate governance and culture, which ultimately stimulates harmonious decision-making and a well-functioning organization.

In 2021, there were no changes in the composition of the Management Board. Given the small size of the organization, we do not anticipate extending the size of our Management Board at this time. Our Management Board members have thorough knowledge and experience in the banking business as well as international experience gained in foreign countries. However, as a result of certain organizational changes ordermeant to further strengthen the organization and governance, a new position was created which internally forms part of the Management Team – Chief Strategy and Operating Officer. The position is being filled by David Morival, and in this capacity he will be responsible for the first line operational functions of MBE.

The composition of the Management Board is filled by two Japanese expatriates (Chief Executive Officer and Chief Business Officer) and the third position is filled on the basis of a local and indefinite contract (Chief Risk & Financial Officer). We are well aware of MBE's role in the banking sector, asand of the interests of relevant stakeholders, including those of our clients, employees, shareholder and regulators. Our engagement is, among other things, reflected in contributions to organizations outside of MBE. In addition to his role as MBE's CEO, in 2021 Mr. Kajiwara served as the Vice Chair and Executive Board member of the Japanese Chamber of Commerce and Industry in the Netherlands (JCC). Mr. Pohland served as a member of the Executive Board of the Foreign Bankers' Association based in Amsterdam. Mr. Katayama served as a Vice Chairman and Board member of the Japanese School of Amsterdam.

The Management Board has been working closely with the Supervisory Board, and has proactively been communicating and seeking advice on various strategic matters. Our Supervisory Board continuously and proactively evaluated whether the Management Board has the expertise required to run a stable and sustainable organization, that also meets DNB expectations. The engagement between the Management Board and Supervisory Board was higher in 2021 compared to previous years, reflecting to various key strategic project and regulatory developments. Various decisions were made that have a direct impact on MBE and will likely strengthen the business capabilities and organization of MBE. Over the year 2021, as a Board and on an individual basis, we were committed to pursuing a program of lifelong learning and we attended the Lifelong Education Program of the Supervisory Board. Unfortunately, due to the COVID-19 pandemic, the normal time spent for the program of lifelong learning was been lower than other years.

When making decisions, as a Management Board, we strive to put our clients' interests first. Our mission statement, "Customer's (interest) first", is the guiding principle for the Mizuho Code of Conduct. To ensure that the Bank's mission statement and the company's values are truly embedded and understood by all employees, particularly during this remote working environment, - we continue to enhance enhanceing the onboarding program of new employees and to engage all employees in company strategy- related discussions. As in previous years, one Management Board Member is engaged in raising awareness of, and taking, the Dutch Banking Oath, as it is an important part of fostering desired corporate culture and regaining trust in the financial sector.

In an effort to further enhance good corporate culture in the long term, in an environment where staff are working more and more outside the normal office environment, the Management Board will in the coming period take various steps to support that effort. A dedicated Corporate Culture project has been set up, to assess our current corporate culture and our journey towards a desired culture. As part of the long-term vision, the Bank is also in the process of adding new headcount to the organization. The Management Board, together with HR, will also focus on continuous staff engagement and staff retention initiatives.

We have also organized an off-site virtual session with the Management Board and Supervisory Board, focusing on creating a more dynamic organization, MBE's strategy for the coming period (including ESG) and enhanced communication with our stakeholders. We actively participated in key discussions with our Supervisory Board, shareholders, (senior) managers and all employees about our current and future strategy, which included looking for new business opportunities and developments to make the company more resilient to market developments and the evolving regulatory landscape. In addition to periodic meetings with department managers, we also actively participated in key committees, such as the Supervisory Board, Audit & Compliance Committee of the Supervisory Board, Risk Committee of the Supervisory Board, Personnel Committee of the Supervisory Board, MBE Risk Committee, Asset & Liability Management Committee, Portfolio Management Committee, Client On-boarding & Review Committee, Data Quality Committee, Remuneration Committee, Vision and Strategy Committee and Management Committee. In order to enhance communication between the Management Board and employees, we regularly communicated though staff announcements and held various employee information sessions to explain items such as the company's strategy and current status. Since the summer of 2020, the Management Board has also organized regular, all- staff virtual town-hall meetings to actively support dialogue with all our colleagues in these difficult times, in addition to enhanced dialogue with managers.

Our highly- diverse and talented employees are committed to providing top-notch service to our clients, while simultaneously upholding the highest level of integrity and ensuring compliance with the regulatory environment. With respect to organizational changes, we made certain key changes to enhance efficiencies and controls, particularly in the field of data quality/management, IT & security, KYC/AML, client services and regulatory reporting.

3.4 Financial Performance

Our profit in 2021 increased compared to last year by € 1.1 million. Total income took a small step back and now sits at € 59.6 million. Total operating expenses also decreased significantly by approximately € 27.7 million. This decrease been was caused by the release of the expected credit loss provision of € 1.6 million, while last year there was an addition of 2.1 million, and a more significant release of the pension provision of € 0.5 million than last year. As a result, the overall net profit for 2021 stood at € 23.9 million, a slight increase of € 1.1 million from the year before.

It should be noted that a couple of changes were made in this year's report. MBE made prior- year changes in line with DAS 150, to align with the accounting standards in relation to the recognition of income from event- driven transaction services and income from credit protection plans, as well as in relation to the presentation of certain line items in the profit and loss account. The change in presentation has been applied for the 2021 financial year and for the comparative figures. Where applicable, the opening balances for 2020 were adjusted and the impact recorded in the opening balances of the retained earnings.

3.4.1 Operating Income

In 2021, operating income amounted to € 59.6 million. This is € 2.5 million lower than in 2020. Net interest income increased by € 2.1 million, while commission income and the result on financial operations decreased compared to 2020. A reason for the decrease in the result on financial operations was less event- driven fees for a swap transaction with an amount of € 1.7 million. Also, commission income decreased by € 2.4 million.

The net interest income slightly increased by € 2.1 million to an even more robust € 42.9 million (5.3% increase). The increase was mainly a result of lower interest expenses on banks and deposits during the year. This is explained mainly by USD transactions, to as a drop on the USD interest rates, which led to a decrease in banks' interest expenses by € 8.3 million. Similarly, term deposits with clients decreased € 6.4 million, for which € 6 million relates to USD deposits.

3.4.2 Operating Expenses

Total operating expenses decreased by € 4.8 million, a year on year decrease of 14.8%. The decrease was triggered by a couple of major events:

- Last year, the expected credit loss model of IFRS 9 was adopted and implemented. The impact was an expense of € 2.1 million last year. This year the expected credit loss showed a release of € 1.6 million. The release is caused by the fact that the CovidCOVID-19 pandemic resulted in less impact on the economy than expected. Thise resulted inled to improved corporate performance and credit risk projections than expected in 2020. As in previous years, MBE did not suffer any actual loss or any write-off on our financial assets.

- Last year, the pension expenses showed a release to the ASC715 liability for an amount of € 700k, while this year the release amounted to almost € 1.2 million. Over the years, we have seen major fluctuations in the provision, mainly triggered by the fluctuations in discount rate, which drives the calculation of the future obligations, and in the expected return on assets. These assumptions are evaluated every year and every five years in more detail.

Excluding the pension movements for the ASC 715 liability and the release of the expected credit loss model expenses, the other operating expenses slightly decreased compared to last year, but slightly increased versus years preceding:

(in €'000)	2021	2020	2019
Total operating expenses	27,749	32,584	37,122
Pension movement ASC 715 liability	1,189	686	(7,558)
Expected credit loss	1,595	(2,053)	-
Other operating expenses	30,533	31,217	29,564

After deduction of the impact of the above mentioned events, the decrease in other operating expenses can be explained by lower other- administrative-related expenses. Last year there was a catch-up for several related IT-expenses from previous years and double rent with the move to the new office building, while this year the depreciation charges increased due the new office building. Further, salary expenses are going up slightly, mainly due to collective salary increases and due to hire and recruitment of fixed and temporary staff in a tightened labour market.

3.4.3 Efficiency Ratio

As a consequence of the release of the pension accrual and the expected credit loss expenses, MBE's efficiency ratio (the ratio of operating expenses to operating income) dropped to 46.6 % (2020: 52.5%). The efficiency ratio corrected for movements in the pension provision and the expected credit loss increased to 51.2 % (2020: 50.2%), which is higher than in previous year. This is caused by the VAT credit in the profit & loss in 2020 as a result of the capitalization of the new office building.

Even though we adopted the expected credit loss model as from 2020, we are pleased to report that there were no actual write-offs of financial assets in 2021, unchanged from the years preceding. Income tax charge for 2021 totaled € 7.9 million (2020: € 6.7 million). This represents a tax burden of 24.9% (2020: 22.7%). Future year's rate changes resulted in a revaluation of the deferred tax asset and, therefore, in a tax credit, thereby lowering the tax burden. We don't expect any other changes in accounting policies or tax credits.

3.4.4 Balance Sheet

The total assets at year-end amounted to a record high at € 5,034 million. This is an increase compared to the previous year (2020: € 4,438 million, 13.4%).This is considered by far the highest balance sheet total. The increase was mainly the result of higher balances in loans and advances to customers to an amount of € 2,907 million (2020: € 2,247 million). The amount of loans and advances to customers without taking into account a funded credit protection increased, and the level of used credit risk mitigations decreased from 77% to 70%, which led to an increase of the on-balance sheet assets. Furthermore, on the credit side of the balance sheet, the total amounts owed increased to € 4,393 million (2020: € 3,774 million). Of which € 340 million correspond to interbank deposits with banks, mainly the TLTRO-funding with DNB, and € 280 million to customers, due to an increase in current accounts. Because of this increase, the share of loans and advances to customers towards the balance sheet total increased from 50.6% in 2020 to 57.8 % this year. The share of the loans and advances to banks (excluding to central banks) decreased from 8.4 % in 2020 to 4.2%.

3.5 Risk Management

Risk is an inherent part of MBE's business as a bank. The main risks that MBE is exposed to are credit, market, liquidity, business, and non-financial risks (such as integrity, operational and IT risk). To manage these risks, MBE has a solid enterprise risk management framework in place based on the three lines of defense model.

3.5.1 Risk Governance

Within MBE's Risk Management Framework (RMF), the Risk Management Charter (RMC) provides an overview of all aspects related to the internal risk management processes at MBE and codifies a principle-based approach to risk management to ensure that risks are identified, monitored and managed in an effective manner. The core of the RMF is the Risk Appetite Statement (RAS), which determines the risk types and levels that MBE is able and willing to accept.

MBE applies the three lines of defense model in its RMF in the following way:

- The first line of defense owns the risk and makes sure that proper and effective controls are in place, thereby keeping the Bank within the boundaries of its risk appetite.
- A number of internal control functions form the second line of defense: the Risk Management department, Legal & Compliance department, the Information Security Officer, and the Credit Assessment Department.
- In addition to setting up policies and limits to ensure the first line of defense performs as intended, the Risk Management department also adequately identifies, measures and monitors risks in normal and stressed situations. It also oversees MBE's business activities so that they are consistent with its strategy and risk appetite.
- The Internal Audit Department is the independent third line of defense, which evaluates the effectiveness of governance, risk management and control processes performed by the first and second lines.
- The Management Board has the ultimate responsibility for risk management, monitored by the Supervisory Board.

Full details of MBE's risk governance and RMF can be found in its Pillar 3 disclosure, which is available upon request.

3.5.2 Risk Appetite

MBE is committed to maintaining a low risk profile and therefore sets the risk appetite as low for all risk categories. MBE establishes a competitive advantage by focusing on its clients' needs, providing solutions and taking appropriate risks commensurate with MBE's low risk profile. With this focus, we aim to achieve improved corporate value through continued and stable profitability, as well as by fulfilling our social responsibility.

From a top- down perspective, the Supervisory Board and Management Board ensure MBE's low risk appetite by designating that MBE keeps sufficient capital and liquidity buffers above the regulatory minimum requirements. Internal limits and target levels for all applicable risk categories are set to determine both minimum and comfortable risk levels under a business-as- usual situation. Additionally, this mechanism allows the Bank to monitor, escalate, and take preventative and/or remedial actions when necessary.

From a bottom- up perspective, MBE ensures its low risk appetite via a thorough understanding by the front offices about the risks taken and how this relates to the risk appetite. MBE's risk management function monitors the risk profile continuously and coordinates appropriate actions in case there are any concerns concerning the risk appetite limits.

Furthermore, in order to promote appropriate risk-taking, MBE established a robust governance and financial foundation that are essential to our business activities. The Bank also promotes and embeds a risk culture whereby the management and employees understand the risks underlying our own business and take appropriate measures when necessary.

In addition, a thorough understanding of the risk management framework and risk appetite is one of the most important components of the on-boarding training for new joiners, regardless of their position and/or function in the company.

3.5.3 Risk Developments in 2021

In 2021, the macroeconomic environment was defined by the COVID-19 pandemic and the responses to it by governments globally. To a lesser degree, Brexit took the headlines again and the build-up & outcome of the Unites States presidential election was of importance to financial markets and economies around the world.

Finally, just as in previous years, MBE continued to operate in a low interest rate environment that puts pressure on net interest margins.

Given these developments and unprecedented circumstances, MBE's risk management focus was on safeguarding the Bank's operations, business model, and capital & liquidity buffers by strengthening existing processes and introducing new ones.

Specifically concerning the COVID-19 pandemic, MBE took the following steps:

- Operational risk: ensure business continuity in a safe and secure environment by enhancing its information security, data security and operational risk management framework, incl. training and continuous communications to employees.

- Credit risk: a bottom-up and top-down credit risk analysis on the entire portfolio to understand vulnerabilities and put in place close monitoring of those clients and their exposures most at risk from the economic fall-out of the pandemic.

- Expected Credit Loss (COVID-19 Stress-Testing): MBE runs stress-testing activities to determine the Expected Credit Loss (ECL) arising from the potential credit deterioration of vulnerable exposures. MBE's borrowers rating are stressed by 1 or 2 notches downgrade depending on the expected economic repercussions per industry. The severity of the contemplated scenarios offered a range of additional ECL which were subsequently analyzed, discussed and reported internally.

- Market and liquidity risk: MBE and its parent group closely monitored the market development and liquidity situation through a wide range of early warning indicators. MBE also performed additional stress testing to ensure sufficient liquidity buffers were available to mitigate possible negative liquidity impact.

Besides the pandemic related measures, the following items are worth pointing out:

- MBE's ability to meet regulatory requirements, demonstrated via its Supervisory Review & Evaluation Process (SREP) submissions, was (again) acknowledged in 2020 by receiving an outcome from DNB within MBE's expectation while biennial schedule for future SREP submissions is also continued.

- Meanwhile the Bank continued to see the adoption of more intrusive supervisory practices, including greater use of on-site inspections. This reflects global leading practice and the increasing need for supervisors to engage directly with banks in order to understand their strategies, business models, risk management frameworks, and approaches.

- MBE is in continuous compliance with CRD IV and Basel III. We are monitoring the key risk indicators on an ongoing basis, e.g. capital buffers, leverage ratio, large exposures, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The internal and external (regulatory) reporting on these key metrics was accomplished without any particular issue or concerns.

- Information security: the role of information security and IT risk management was further strengthened by (i) the hire of the new Information Security Officer, (ii) the formalization of the Information Security Administrator role, and (iii) a change in reporting line directly to the CRFO. Besides ensuring a safe & secure working from home environment, much energy was spent on various in-depth analysis that lead to action plans, recommendations and suggestions for improvement to the Management Board, on which work started immediately.

On top of that, the risk management function also led several important initiatives with the aim to enhance risk management practices and create more value for the Bank:

- Regulatory reporting: building on the foundation of the local data warehouse implemented in 2019 and leveraging third-party market leading reporting software, MBE delivered a series of regulatory reporting in a fully- automated way. The enhancements brought forward in 2020 and 2021 present a leap in efficiency and effectiveness by automating manual processes, ensuring better (IT) controls, and better (more granular) data analytics.

- Data quality: with the continuous, self-imposed goal to meet the BCBS 239 principles, a great deal of effort was made to increase the data quality of the various internal and external reporting processes as well as improving upon the actual processes themselves. On an operational level, a number of improvements were made to reduce the occurrence of data quality issues, including. reduction of manual data capturing and moving to systemic data input solutions. The improvement of the data quality and data management within MBE is ongoing.

- Credit risk management: a further step forward was taken in the robustness of the credit risk management framework in 2021. This was driven by the need for different and better insight into MBE's portfolio because of the COVID-19 pandemic, as well as implementing other self-identified points of improvement. Ultimately this led to a more engaged and effective Portfolio Management Committee, a series of top-down and bottom-up assessments on MBE's portfolio, a new stress testing framework as well as updates to policies, the integration of ECL into daily risk management practices, and various other improvements on the processes, reporting and management of credit risk.

3.5.4 Risk Outlook in 2022

At the very start of the year, the post-pandemic economic rebound was expected to continue into 2022, with several economic news outlets forecasting a substantial growth in global GDP, albeit with the recovery expected to be uneven by regions. This positive outlook was fueled, for the most part, by the massive roll-out of the CovidCOVID-19 vaccine in several parts of the world, as well as by the relaxation of lockdowns and restrictions.

However, as we entered the second month of the year, this positive outlook and path to recovery is taking a different turn as the Russia -Ukraine crisis is quickly escalating, and the risk of a bigger conflict is imminent. This unprecedented event has rattled financial markets as new sanctions on Russia (and Belarus), as well as Russia's partial removal from the SWIFT (Society for Worldwide Interbank Financial Telecommunications) international payment system has resulted in the economic isolation of these countries, and therefore financial instability across the globe, particularly in the FX market. This has contributed to heightened geopolitical tensions between Russia and Western nations.

The events observed in the last weeks have had a profound impact on individuals and society at large. Moreover, at this point in time, there are numerous political and economic risks that can further influence the course of events. As this story is currently developing, it is difficult to assess with clarity the magnitude and long- term impact of the Russia-Ukraine crisis. Nevertheless, looking forward to the rest of 2022 we believe we will see reduced growth, high inflation, and an increase in energy prices (gas/oil) and interest rates in Europe and the rest of the world.

3.5.4.1 Pandemic Recovery

A majority of most susceptible population groups, and society at large in developed markets, have been vaccinated and restrictions have been lifted for the most part. Major developed economies have reached that point already, while some emerging economies may still take longer. Nevertheless, COVID-19 is unlikely to disappear, although a lower mortality rate among at-risk groups should calm public fears.

At the start of 2022, most businesses were able to return to normal, however, we are mindful that the path to recovery is still ongoing and there is further uncertainty in light of the Russia-Ukraine crisis. Therefore, we continuously monitor those exposures that are vulnerable to worsening economic circumstances and may lead to a worsening in credit worthiness.

Overall we remain cautiously optimistic with regards to major changes to MBE's ECL, risk exposures and/or default ratios. To ensure we keep a thorough view on our portfolio and to allow timely management action, credit risk and portfolio management naturally remain key focus areas for MBE in 2022.

3.5.4.2 Brexit

Brexit continues to present risks to MBE from two perspectives. Firstly, the deal between the UK and the EU means certain levels of trade barriers will become into place for our clients who operate in the EU and have strong business ties with the UK, potentially resulting in reduced revenue and profitability.

Secondly, the departure of the UK from the EU could have negative effects on MBE because we rely on certain outsourced functions of Mizuho Bank London branch. Although there hasn't been an immediate impact, we are less sure about the longer-term impact because of a changing political and regulatory landscape. We will continue monitoring the developments and cooperating with our group companies to mitigate or resolve any issues arising.

3.5.4.3 Regulatory changes

MBE continues to be subject to significant levels of various new and amended financial regulations. To ensure full compliance , MBE continues to monitor any regulatory changes affecting the Bank by holding periodic or ad hoc meetings to analyze and discuss impacts of new and modified regulations.

The Capital Requirements Directive and Regulation (CRD V and CRR II) will revise capital requirements and could strengthen the capital and liquidity positions of EU banks, also leading to an increase in minimum capital requirements and an aggregated capital shortfall across EU banks.

Central banks and supervisory authorities are increasingly focusing on ESG and climate change-related risks. Guidelines, best practices documents and other forms of regulatory expectations are published by the ECB, EBA, DNB and other regulatory authorities and the financial industry is working hard to understand and adopt the various elements of ESG-related risks into their management frameworks.

It is, for instance, certain that climate change-related risks will have both a direct and indirect impact on banks. More severe weather phenomena and the transition to a low-carbon economy will have significant adverse implications for euro area banks, including for the continuity of their operations and the risk profile of their assets (such as exposures to the automotive sector). Understanding and managing climate change-related risks remains a top priority for 2022 and beyond. Furthermore, MBE made a high-level impact assessment on Climate and Environmental Risks (CER) and has integrated this risk into its risk management framework in 2022 and beyond.

3.5.4.4 High Inflation

The sharp rise inflation, which has led to an increase in the level of the prices of goods and services that households buy, has grabbed headlines worldwide, sparking concern as January set a new record. Consumer prices in the Eurozone rose by a record 5.1% last month according to the latest European Central Bank (ECB) data, defying expectations of a slowdown. High prices were primarily driven by soaring energy prices and secondarily by food.

Eurozone energy prices were 28.6% higher in January than during the same month last year, a record hike, while growth in the cost of unprocessed food accelerated to 5.2%. According to the ECB, because a large part of corporate and personal costs is related to energy, the price of oil, gas, and electricity matters greatly for overall inflation: half of the recent increase in inflation was due to higher energy prices. The European Commission said Thursday that inflationary pressures are likely to come down next year. We will continue monitoring the situation closely to mitigate or resolve any issues arising.

3.5.4.5 Cybersecurity Risk

Digitalization of financial services makes banks more vulnerable to cybercrime and operational IT deficiencies. This risk, in particular for the financial services industry, had already increased because of the COVID-19 pandemic and remote work. This year, with the Russia-Ukraine crisis, we have seen a substantial increase in cybersecurity threats and phishing scams. Furthermore, there is a strong acknowledgement that cyber incidents can result in significant costs or reputational losses for MBE and can even have systemic consequences. MBE is committed to further strengthening its information security and operational (incl. IT) risk management framework in 2022 to safeguard its operations, clients and business.

3.5.4.6 Financial Position

MBE maintains a mid-term business and capital plan as a part of our ICAAP process and we have examined the impact to our profitability and capital adequacy under the stressed environment. Based on this, the Management Board believes that MBE is able to maintain a sound financial position in the mid-term, even under stress.

Detailed descriptions of individual risk management items is set out in section 5.9 (Risk Management) of this Annual Report.

3.6 Compliance

Effective corporate governance in accordance with high international standards is, and has always been, one of our primary objectives. Our system of corporate governance provides the basis for responsible management and control of MBE, with a focus on long-term, sustainable value creation. It has four key elements: good relations with all stakeholders, effective cooperation between the Management Board and the Supervisory Board, a performance-based compensation system with a sustainable and long-term focus, as well as transparent, effective, and timely reporting. As a wholly-owned subsidiary of Mizuho Bank, we operate under our own banking license issued by the Dutch Central Bank. Therefore, we implement these elements in accordance with national and international laws and regulations applicable in the Netherlands. We acknowledge that compliance is an on-going process, which is why our policies and systems are under constant review.

In line with the increased regulatory focus on integrity and financial crime, an initiative was taken to enhance and strengthen MBE's client onboarding process and Know Your Customer ('KYC') system and AML capabilities, which will continue in 2022. Additionally, our Transaction Monitoring systems and procedures are under constant review to ensure we do not facilitate any money- laundering or other transactions that are illegal or unacceptable from an ethical point of view. Finally, we aim to strengthen the "three lines of defense" - model within our organization.

3.6.1 Banker's Oath

Effective 1 April 2015, the Dutch Financial Supervision Act (Wet op het financieel toezicht, Wft) requires banks with a registered office in the Netherlands to ensure that all their employees take the Banker's Oath within three months of employment. The Banker's Oath was introduced to help restore society's trust in the financial industry. Its initial scope was extended to cover not only the Management Board and Supervisory Board members (the "first echelon"), but also all other employees of the bank. MBE highly supports the purposes served by, and underlying principles of, the Banker's Oath, which are fully in line with Mizuho values.

3.7 Remuneration

With unemployment reaching a record low in 2021, retention, corporate culture, and remuneration became increasingly important. On remuneration we follow a strategy that focusses on market- level compensation and a fair, unbiased, and performance-related contribution of variable pay. In this context we try to avoid providing market outlying financial packages, and instead follow a sustainable strategy of providing a great place to work, inclusion, and prospect to grow as a professional. MBE has engaged in a strategy of being aware what the key elements are for growth, and dares to drive tangible actions to pursue our vision and growth. We value and include our employees, and regard them as an important partner in driving the success of our company.

On the regulatory aspect, the new Capital Requirements Directive (CRD) V were implemented on 29 December 2020 without a transition period. For MBE, this meant the variable remuneration award pay out in June 2021, with respect to performance year 2020, was subject to the new remuneration rules. In accordance with the Regulatory Framework, the Remuneration Policy and implementation are gender neutral, ensuring equal pay and being consistent with objectives of MBE's risk culture, including with regard to environmental, social and governance risk factors.

The proposed implementation date of 1 July 2021 of the new legislation, the so called WBFO (Act on Remuneration Policies for Financial Institutions) is on hold. MBE will follow up formalization of WBFO with a full review of the Remuneration Policy in preparation for the remuneration process in 2022.

3.7.1 Our Vision on Remuneration

As a Dutch licensed bank we comply with the Dutch Banking Code to determine our approach to remuneration. Our Remuneration Policy consists of a variety of topics such as awarding performance, retention, and termination packages. In addition, we include topics for the composition of the variable remuneration and the performance criteria used to determine variable remuneration.

As a Japanese bank our company culture and strategy embed steady, sustainable and consistent growth. This aspect, combined with a performance management approach based on our customers' interests, defines our variable remuneration policy. We believe that a Remuneration Policy should avoid a negative impact on the risk appetite and our long-term business continuity. We also believe in a balanced approach between financial and non-financial objectives in our remuneration decisions.

3.7.2 Collective Labor Agreement Banks

As a Dutch licensed bank, Mizuho Bank Europe N.V. abides by the Collective Labor Agreement (CLA) Banks. Although the current CLA expired per 1 January 2021, parties have decided to postpone further negotiations because of the economic uncertainties due to the CovidCOVID-19 pandemic and its impact on banks. Therefor the CLA Banks 2019 remained in force. It's expected that a new CLA will be concluded in early 2022 and effective, per 1 January 2022.

3.7.3 Financial Remuneration

We believe that a fair and balanced remuneration package is a vital element for a sustainable corporate culture and a productive organization. For us, balanced remuneration is in line with the market value of our employees, and reflects their performance and as well as their responsibilities.

We strive for transparency and objectivity around our (variable) remuneration, employee job descriptions, potential career growth opportunities, and promotions. Clear individual objectives, company results, and a pro-active employee attitude define the key elements within our appraisal process. In this way, financial awarding is linked to the impact our professionals have on our company's continuity and sustainable growth.

For our Management Board members we have a separate remuneration approach, as their performance is mainly related to the overall office rating, which is determined by Mizuho Bank in Tokyo. This office rating is not only related to financial performance, but also to internal control, operational expense control, strategic deliverables, and risk avoiding performance across the year. The external members and advisors of the Supervisory Board receive a fixed fee. This fee is benchmarked and not related to our company's performance or results, and is agreed upon in advance.

3.7.4 Variable Remuneration

Our performance-related variable remuneration (bonus) is governed by our Remuneration Policy, as well as by laws and regulations like the Law on Remuneration for Financial Institutions (Wet Beloningsbeleid Financiële Ondernemingen), the Act on Controlled Remuneration (Regeling Beheerst Beloningsbeleid) and the Banking Code (Code Banken).

MBE's variable remuneration is linked to our annual appraisal framework and concrete business results, and is governed by a governance structure consisting of a Remuneration Committee and a Personnel Committee. The Remuneration Committee, which meets on multiple occasions, consists of our Management Board and the Head of Human Resources. The Personnel Committee is a subcommittee of the Supervisory Board, and is also attended by the Management Board and the Head of Human Resources. During this Personnel Committee meeting, the Supervisory Board decides if the purported variable remunerations are fair, consistent, and compliant with MBE's Remuneration Policy. Therefore, the long-term interest of the bank, as well as the relevant international context and wider social acceptance, are all considered by this Committee in its decision- making process.

All employees under an employment contract with MBE and HO-employees temporarily assigned to MBE (expats) are eligible for variable remuneration. In line with market practice, any variable remuneration in excess of a specified threshold is subject to a deferral policy. For those individuals where deferral is applicable, 60% of the total variable remuneration will be paid up-front on the bonus payment date following the end of the financial year (year one). The remaining 40% will be subject to a three-year deferral period, paid in equal installments on the bonus payment dates in years two, three, and four, subject to forfeiture conditions.

In 2021, we had no employees earning more than € 1 million per annum, and the total amount paid in 2021 on variable components to local contracted employees was € 1,028,684 (gross) in total for our four offices.

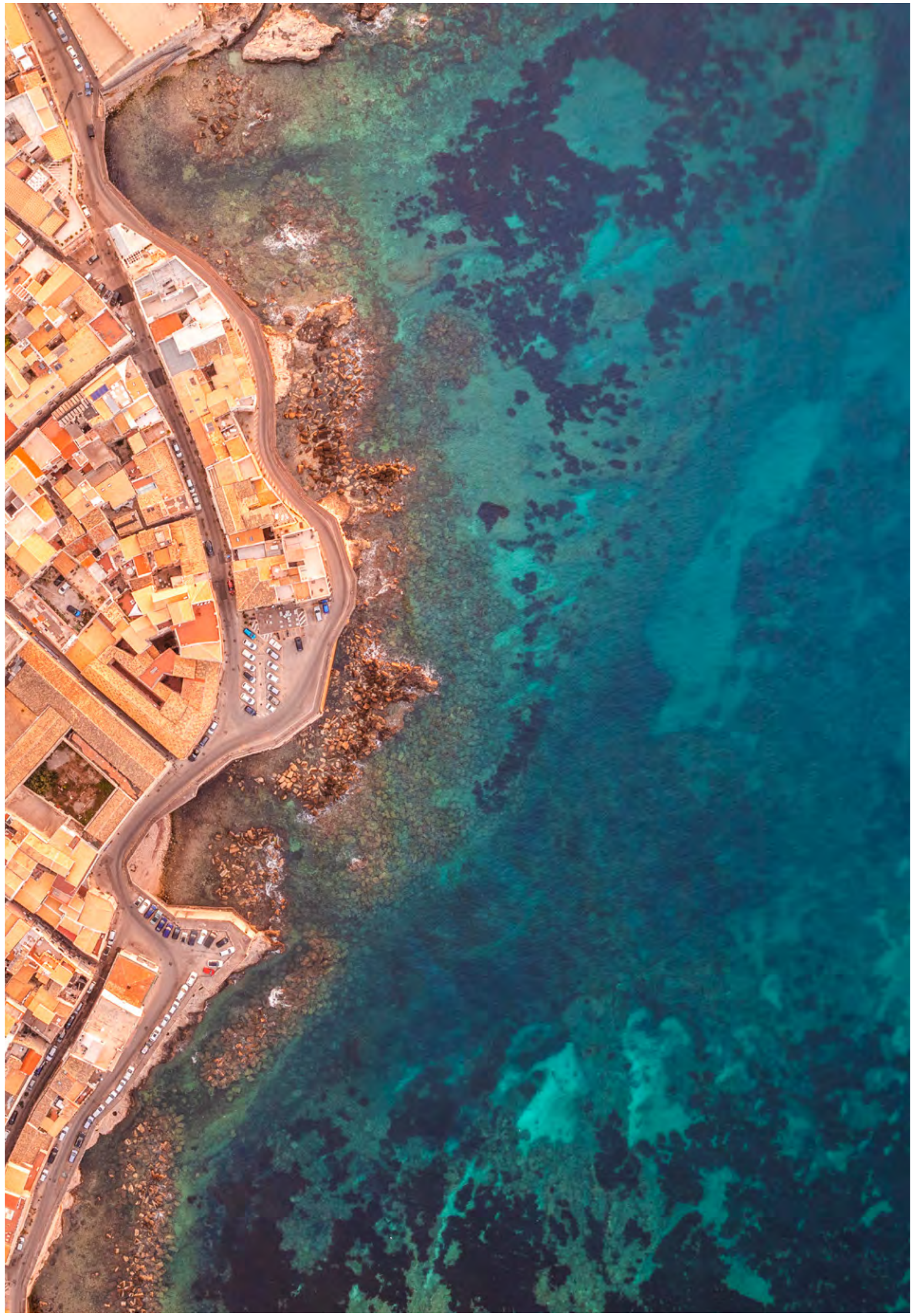
In line with the principles of the Banking Code, we can decide to claw-back variable remuneration wholly or in part. The following conditions are subject to claw-back, and described in our Remuneration Policy:

- Granting and pay-out of the variable remuneration occurred based on incorrect information on meeting the goals or circumstances that were conditions for the relevant remuneration;

- The relevant employee did not comply with proper norms in respect to expertise or correct behavior (such as a material violation of applicable rules and regulations); or

- The relevant employee has been responsible for behavior that resulted in a significant deterioration of the financial position or reputation of MBE.

The Management Board ultimately decides on the claw-back of remuneration for non-Identified Staff, whereas the Personnel Committee of the Supervisory Board decides on the claw-back for Identified Staff. Such a decision shall always be taken after consulting the relevant shareholder's representative, the Head of Human Resources, and the Head of Legal and Compliance. For 2021, no reasons (or potential indications) were identified for triggering a claw-back on variable compensations.



3.8 Our People

We believe that people make the difference. Therefore, and to maintain the highest level of client value creation, we continuously listen to and invest in our people. Together we define our corporate culture.

The average number of employees, including expats, was 91. The majority of our people (77) were based in the Netherlands. In addition we had 4 persons in Belgium, 6 in Austria, and 4 in Spain.

Having the right people on board is something we're proud of. Maintaining the right culture is something we nurture and continuously work on.

In light of the ever-changing market conditions, COVID-19, and our responsibility to take care of our people, it's essential to be responsive to elements that impact our culture. To understand our strengths and weaknesses as an organization, we already monitor our annual staff survey. In addition, we are preparing to implement a pulse that enables us to have instant connection on our performance for employee satisfaction and culture. We are looking at the start of "new beginnings'. For culture and people, this means it will be embedded in our strategy more permanently. The Management Board will work on making the organization even more aware on c corporate culture and further build the cultural foundation that ultimately lead to results that benefit all.

3.8.1 Management Changes

Per 1 May 2021, Mr. Thijssen has been assigned as Head of Legal & Compliance, succeeding Mrs. Van Hulten who was assigned for an interim period that ended 30 April 2021. Per 1 June 2021 Mr. Witkamp returned in the position as Head of HR&FM – after an intracompany assignment abroad. The interim assignment for Mrs. Damen as Head of HR&FM, ended after 30 June 2021. Mr. Morival was appointed to Chief Strategy & Operating Officer per 1 December 2021. Mrs. Suzuki is appointed for an interim period in the role of Head of Strategic Planning per 1 December 2021. The head of Corporate Finance 1, Mr. van Leeuwen, left the organization at the end of December 2021.

As per 22 June 2021, Mr. Matsumoto accepted a new assignment elsewhere in the Mizuho Ggroup. This role as Branch manager Vienna office has been taken over by Mr. Yamamoto per 23 July 2021. Mr. Tsuzuki ended his assignment as Branch Manager Brussels office per 1 March, and has been succeeded by Mr. Sasaki on the same date.

3.8.2 Promoting Diversity

Mizuho is a diverse organization of members with a broad range of backgrounds, values, knowledge, and experience. With 20+ different nationalities represented in MBE we are proud to be an inclusive workplace where diversity is embraced. Our work environment is welcoming, and different perspectives are respected.

In addition to CSR initiatives, several initiatives were launched to celebrate D&I. MBE joined the Mizuho Diversity Month initiated by the Group and hosted several sessions to link Mizuho employees globally.

Diversity Month is about taking specific actions in order to gain a better understanding of diversity, share diverse perspectives, and enhance connectivity both within and outside the organization in order to promote diversity and inclusion at Mizuho. The ultimate objective is to foster an inclusive work environment and a corporate culture leading to continual creation of new corporate value. In terms of the corporate framework, we have improved HR tools that drive D&I related decisions for employees within MBE, and EMEA more broadly. Regarding female leadership diversity, on average we had 3 female leaders during 2021. We aim, where opportunity arises, to increase our number of female leaders in the coming years.

3.8.3 Learning and Development

We operate in a dynamic market environment with increasing demands from regulators and clients.

Our goal is to ensure that MBE employees have the right skills, knowledge and attitude to drive results we need to achieve. Our key principle is that training should be accessible to anyone and contribute to our strategic business goals.

3.9 Doing More for Society

Given our presence in the Netherlands for more than 45 years, we recognize the importance of corporate social responsibility within the region. Specifically, we aim to provide support to both vulnerable communities in the area and local communities that share a common background to our employees' diversity. Our corporate social responsibility philosophy consists of three key components: local partnership, social contribution, and sponsorships.

3.9.1 Local Partnership

Since 2017, we have continued our partnership with Nederland Cares, a foundation dedicated to tackling major social challenges such as poverty, loneliness, and homelessness, through organized volunteer events and programs. Through our partnership, as MBE, we support social projects on an annual basis, as well as participate as volunteers in activities and events at local organizations on an ongoing basis to help members of vulnerable communities.

For our sponsored projects, we provide local organizations with additional financial support so that they can continue their important work to provide support and create a positive impact on our society.

Due to the continued uncertainties surrounding the pandemic, the hands-on volunteering activities were not as frequent as in previous years, however participation of our employees in these events remained strong. In 2021, we participated in the Amsterdam Olympic Days, an annual event aimed particularly at citizens from vulnerable and less-advantaged communities in Amsterdam. At the Olympic Stadium in Amsterdam, children from across the city came together and connected with one another through sport. Volunteers from MBE and other corporations participated by supporting children with the various sports activities during the day.

3.9.2 Sponsorship

Considering our roots in Japan and our extensive Japanese client portfolio, we are committed to supporting local Japanese organizations. We strive to show our commitment to the expansion of the local Japanese community and want to contribute indirectly to the development of business between the Netherlands and Japan.

As such, we are a sponsor of the Japan Desk in the Amstelland Hospital (the Japan Desk was established in March 2010 to mainly support Japanese expatriates and their families for medical consultation in their native language in the Netherlands).

Furthermore, we support the cultural exchange between the Netherlands and Japan. We are a long-time supporter of the famous Van Gogh Museum in the museum quarter of Amsterdam. We are a part of the Global Circle of the Van Gogh Museum, a network of patrons, who make a vital contribution to the accessibility of the Museum and its collection.

3.10 Closing Remarks

Keeping in mind that 2021 has continued to be an extremely challenging year, when it comes to public health, and meeting organizational and regulatory challenges, MBE can look back at a year where we have been able to still meet most of the needs of our clients and stakeholders. We have been able to continue supporting many of our clients during unprecedented times , and supported some important deals to drive the success of our clients and advance the prosperity of the economies and societies of EMEA and beyond. This is a great achievement, and the Management Board would like to thank all stakeholders for making it happen. Particularly, the Management Board, branch managers, senior managers, managers, and all MBE employees would also like to express our sincere appreciation to our clients for their trust and continued business with the Mizuho Financial Group and the Bank. We are working hard to drive the success of our clients and advance the prosperity of the economies and societies of EMEA and beyond.

The Management Board would also like to take this opportunity to thank the Supervisory Board members and the advisor of the Supervisory Board for their continuous support and valuable contributions. Additionally we would like to thank MBE's staff for their hard work and dedication in these unusual times. We look forward to continuing our service and work in support of all our stakeholders to make 2022 a successful year for MBE and the Mizuho Financial Group.

Amsterdam, 29 March 2022

Management Board

Shinsuke Kajiwara
Chief Executive Officer,
Member of the Management Board

Eiji Katayama
Chief Business Officer,
Member of the Management Board

Jens Pöhland
Chief Risk & Financial Officer,
Member of the Management Board

4. Future Oriented Banking

On 1 January 2010, the Dutch Banking Code came into effect, which laid out the guiding principles for Dutch banks in terms of corporate governance, risk management, audit and remuneration on a so-called 'comply or explain' basis. It was introduced in response to a report entitled 'Restoring Trust' published in 2009 by the Advisory Committee on the Future of Banks (Adviescommissie Toekomst Banken) in the Netherlands.

In 2013 a follow-up report was published by the Committee Wijffels, in which the committee called upon Dutch banks to take additional steps towards regaining trust from clients and society as a whole. In response, the Dutch Banking Association (NVB) introduced a set of documents entitled 'Future Oriented Banking'. The package is comprised of a Social Charter, an updated Banking Code, and a Banker's Oath with associated Rules of Conduct. The principles of the Banking Code 2010 that have been incorporated into legislation are not included in the new code, but naturally we continue to comply with these principles.

Since MBE does not have a separate website, the below overview reflects the status of our compliance with the renewed Banking Code over the financial year 2021. For more information on each of the sections, please see the respective chapters in this Annual Report 2021.

4.1 Compliance with the Banking Code

4.1.1 Sound and ethical operation

We have an ambitious, but realistic medium- and long-term business plan and strategy, aligned with Mizuho Bank's global mission to provide clients with the highest quality services and to be our clients' most trusted bank. We embed this strategy in our internal policies on, among other things, risk, compliance, and corporate social responsibility. The Management Board and Supervisory Board, with due regard for each other's duties and powers, are responsible for a sound governance structure and compliance therewith. Putting the client first, while taking into account the needs of all other stakeholders, is an integral part of MBE's identity, vision, and strategy. All employees are made aware of our vision through the use of training, management updates, and MBE's intranet. The Management Board and Supervisory Board lead by example.

To increase staff awareness of and engagement with MBE's business strategy and principles, a Vision and Strategy Committee was set up in 2016. This committee comprises of employees from various departments and levels and focuses on the following pillars: operational excellence, corporate culture, and human capital. In recognition of its importance, in 2021 department heads and members of the Management Board remained actively involved. The set-up ensures stronger support for the Committee's initiatives and a company-wide commitment.

As MBE is well aware of its role in and responsibilities towards society, we continued our partnership with the non-profit organization Nederland Cares as part of MBE's Corporate Social Responsibility program. The Management Board and employees have been enthusiastic about this initiative and will continue to participate in 2022.

The 'Know Your Customer' and 'Customer Due Diligence' procedures are essential for a bank, and therefore, on a continuous basis, we monitor changes in the external landscape and review and update our procedures in line therewith. The bank's risk framework is continuously being enhanced, taking into account MBE's mission, strategy, and objectives. To enhance dialogue with other compliance departments, together with Mizuho Bank London branch the EMEA Regulatory and Compliance network is held on a regular basis.

Acknowledging the fact that IT plays a vital role in the functioning of the bank, we are committed to maintaining a solid IT infrastructure, and enhancing the same where necessary. In this age of digitalization, the proper delivery of services and data to our stakeholders in terms of availability, confidentiality and integrity is of the utmost importance. To safeguard the proper functioning of our IT and outsourced operations, this is taken into account in decisions and processes by every department within MBE, up to the Management Board.

In 2021 MBE put more focus on strengthening its information security and the prevention of cybercrime by, inter alia, performing phishing tests, vulnerability scanning, and penetration tests on a periodic basis. Furthermore, MBE has performed a dry run with regard to cyber incidents, which has helped to provide insights in how to act in a situation where MBE is experiencing a cyber incident. In 2022 MBE will further enhance its information security framework by implementing the new EBA guidelines, which will become applicable as of June 2022, into its framework. By strengthening key departments and further enhancing our IT infrastructure and employees' awareness of a safe control environment, the risks of cybercrime and data leakage will be mitigated.

4.1.2 Supervisory Board

MBE's Supervisory Board is composed in a way that it can perform its tasks properly. Each member has its specific competencies and expertise needed to adequately perform its supervising tasks with a critical, independent view. Our Supervisory Board has four members, two of which are independent. For the concept of independence, DNB refers to the criteria laid down in the Dutch Corporate Governance Code. Even though the Corporate Governance Code only applies to listed entities, MBE voluntarily adheres to its provisions where and when possible. The Supervisory Board members each are of a different nationality, and one of them is female.

Like previous years, the Management Board and Supervisory Board have been advised by an external advisor, Mr. Van de Merwe, on various issues on both a local and an EU level, with the main focus on governance, compliance, and audit matters and the evaluation of the functioning of the Supervisory Board.

The Supervisory Board evaluated its functioning through the annual self-assessment, which is evaluated every three years under independent supervision. The members of the Supervisory Board receive appropriate compensation for their work, which does not depend on the bank's results.

4.1.3 Management Board

In 2021, the Management Board consisted of three members. In view of the bank's size and nature, such a number is considered sufficient to perform its tasks properly. In the case of vacancies, attention is given to the composition of the Management Board with respect to professional experience, competencies and, to the extent possible in the relatively small setting, to gender, nationality, and cultural background. Each member is assigned specific tasks and responsibilities, matching each member's skills and expertise, with a clear separation of risk-related and commercial-related areas. MBE's Management Board Charter provides further details outlining these responsibilities.

In 2021, there were no changes in the composition of the Management Board, be it that as a result of certain organizational changes, a new position was created and which forms part of the Management Team – Chief Strategy and Operating Officer responsible for the first line corporate functions of MBE to further strengthen the organization and its governance.

Like in previous years, in 2021 the chairman initiated the organization of MBE's Lifelong Education Program, which each member joined in order to maintain the level of expertise and to enhance skill and knowledge sets where necessary.

4.1.4 Risk Policy

MBE's risk management framework is transparent, comprehensive, and has a short- and long-term focus. It covers all relevant risk types and business lines and also takes reputational risks and non-financial risks into account. The Management Board determines MBE's risk appetite, which is subsequently approved by the Supervisory Board and they take this into account in all strategic discussions and business operations. Any material changes to the risk appetite in the interim also requires the Supervisory Board's approval. The Supervisory Board supervises the risk capital and liquidity strategy of the bank and obtains advice in that respect from the Audit and Compliance Committee and the Risk Committee.

4.1.5 Audit

MBE has an Internal Audit department with an independent position within the bank, for objective assurance as the third line of defense. On the basis of the Internal Audit Plan, the Internal Audit department evaluates and examines whether or not adequate governance, risk management, and control processes are in place. The head of the Internal Audit department reports to the Management Board, but also has a direct reporting line to the chairman of the Audit and Compliance Committee of the Supervisory Board. Exchange of information between the Internal Audit department, the external auditor, and the Supervisory Board takes place in the Audit and Compliance Committee. In addition, the Internal Audit department is in regular contact with the chairman of the Audit & Compliance Committee and the external auditor for discussion and consultation purposes. Tripartite talks between the MBE Management Board, the external auditor, and the supervisor to discuss risk analyses, planning, and results upon request by DNB.

4.1.6 Remuneration Policy

MBE's Remuneration Policy, which is applicable to all employees working with the bank, reflects the principles of the Banking Code and is in line with national and international law and regulations on sound remuneration policies. To ensure that policies remain compliant, they are reviewed on a regular basis by the Management Board as well as the Personnel Committee and the Supervisory Board. Our Remuneration Policy has a primarily long-term focus and is in line with MBE's risk policy.

Our Remuneration Policy is set up in a transparent way and incorporates an internal and external balance of interests, taking into account the expectations of various stakeholders and social acceptance. However, in light of the size of the organization, the composition of the Management Board and our shareholder structure, it has been decided not to benchmark remuneration of the Management Board members outside of the financial sector, which has been discussed with the Supervisory Board.

Save for the above- mentioned deviation, MBE fully complies with the principles of the Banking Code and we are committed to continue doing so in the following years.

5. Financial Statements

5.1 Balance Sheet

(Before proposed appropriation of result for the financial year)

Assets (in €'000)		31/12/2021	31/12/2020
Balances with central banks	*5*	1,410,164	1,446,052
Loans and advances to banks	*6*	213,046	370,612
Loans and advances to customers	*7*	2,907,214	2,247,340
Debt securities	*8*	380,824	230,983
Intangible fixed assets	*9*	1,928	1,953
Tangible fixed assets	*10*	5,163	6,241
Derivatives	*11*	88,166	107,243
Deferred tax assets	*12*	4,825	5,034
Other assets	*13*	8,840	9,289
Prepayments and accrued interest	*14*	13,753	13,616
Total assets		5,033,923	4,438,363

(Before proposed appropriation of result for the financial year)

Liabilities (in €'000)		31/12/2021			31/12/2020
Amounts owed to banks	*15*		1,459,746		1,121,844
Amounts owed to customers	*16*		2,933,336		2,651,775
Derivatives	*17*		73,467		116,429
Other liabilities	*18*		20,820		23,625
Provisions	*19*		18,149		20,103
Total liabilities			4,505,518		3,933,776
Sub-ordinated loan	*20*		2,684		2,767
Share capital	*21*	191,794		191,794	
Legal reserve	*21*	939		939	
Share premium	*21*	4,342		4,342	
Other reserves	*21*	304,745		281,925	
Result for the financial year	*21*	23,901		22,820	
Shareholder's equity			525,721		501,820
Total equity and liabilities			5,033,923		4,438,363
Contingent liabilities	*22*		416,568		660,185
Commitments	*23*		839,458		842,326

5.2 Profit and Loss Account

(in €'000)			2021		2020
Interest and similar income	*26*	87,541		88,193	
Interest expense and similar charges	*27*	(44,638)		(47,439)	
			42,903		40,754
Commission income	*28*	11,545		13,888	
Commission expense	*29*	(527)		(441)	
			11,018		13,447
Result on financial operations	*30*		5,648		7,915
Total operating income			59,569		62,116
Staff costs and other administrative expenses	*31*	(27,259)		(28,919)	
Amortization intangible fixed assets	*9*	(603)		(560)	
Depreciation tangible fixed assets	*10*	(1,482)		(1,052)	
Expected credit loss of financial assets	*32*	1,595		(2,053)	
Total operating expenses			(27,749)		(32,584)
Operation result before taxation			32,359		29,532
Income tax	*33*		(7,919)		(6,712)
Net result			23,901		22,820

5.3 Cash Flow Statement

(in €'000)			2020		2019
Net result			23,901		22,820
Pension provision	*19*	(1,189)		(686)	
Amortization intangible fixed assets	*9*	603		560	
Depreciation tangible fixed assets	*10*	1,482		1,052	
Amortization of debt securities	*8*	6,203		1,351	
Expected credit loss of financial assets	*33*	(1,595)		2,053	
Movement in derivatives	*11/17*	(23,885)		10,748	
Movement deferred taxes	*12*	209		(709)	
Adjustments			(18,172)		14,369
Loans to banks other than on demand	*6*	150,330		83,620	
Amounts owed to banks	*15*	337,902		284	
Loans and advances to customers	*7*	(659,136)		101,448	
Amounts owed to customers	*16*	281,561		601,724	
Other assets	*13*	449		71,052	
Prepayments and accrued interest	*14*	(137)		3,589	
Sub-ordinated loan	*20*	(83)		(103)	
Other liabilities	*18*	(2,805)		(82,178)	
Cash flow from operating activities			108,081		779,436
Investment in debt securities	*8*	(156,041)		(85,466)	
Investment in intangible fixed assets	*9*	(578)		(325)	
Investment in tangible fixed assets	*10*	(423)		(2,355)	
Redemptions of debt securities	*8*	-		5,340	
Disposals of tangible fixed assets	*10*	19		150	
Cash flow from investment activities			(157,023)		(82,656)
Net cash flow			(43,213)		733,969
Cash and cash equivalents at start of year	*38*		1,500,757		766,788
Cash and cash equivalents at end of year	*38*		1,457,544		1,500,757
			(43,213)		733,969

5.4 Statement of Movement in Equity

(in €'000)	Share Capital	Legal Reserve	Share Premium	Other Reserves	Result for the year	Total
Balance as at 1 January 2020	191,794	939	4,342	273,595	24,015	494,685
Correction opening balance	-	-	-	(15,685)	-	(15,685)
Net result	-	-	-	-	22,820	22,820
Appropriation of 2019 result	-	-	-	24,015	(24,015)	-
Balance as at 31 December 2020	191,794	939	4,342	281,925	22,820	501,820
Balance as at 1 January 2021	191,794	939	4,342	281,925	21,820	501,820
Net result	-	-	-	-	23,901	23,901
Appropriation of 2020 result	-	-	-	22,820	(22,820)	-
Balance as at 31 December 2021	191,794	939	4,342	304,745	23,901	525,721

5.5 Notes to the Financial Statements

1. General Information

Group structure

Mizuho Bank Europe N.V. (MBE) was established in 1974 and is a 100% subsidiary of Mizuho Bank Ltd., which in turn is a wholly-owned subsidiary of the Mizuho Financial Group. MBE is a public limited liability company with its corporate seat in Amsterdam and registered at the Chamber of Commerce under RSIN number: 003263332. MBE is since May 2020 located at Amsterdam Atrium, 3rd Floor, Strawinskylaan 3053, 1077 ZX in Amsterdam (the Netherlands) and has three branches: Brussels (Belgium), Vienna (Austria) and Madrid (Spain).

Activities

The main activities of MBE and all its branches are corporate banking, to lead and participate in syndicates and to deal in bonds and other financial instruments such as foreign exchange and derivative products. MBE has a banking license under the Dutch Financial Supervision act (Wet op het financieel toezicht).

Currency

MBE uses euro (€) as functional currency and presentation currency, since the currency of the primary economic environment, the Netherlands, is euro.

Going concern

The Management Board has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management Board is not aware of any material uncertainties that may cast significant doubt upon the ability of the bank to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. Accounting principles

2a. Basis of preparation

The financial statements for this financial year have been prepared in accordance with the legal requirements for the financial statements of banks contained in Part 9, Book 2 of the Dutch Civil Code. The financial statements have been prepared on a historical cost basis, unless stated otherwise.

The principle accounting policies adopted are set out below. These have been applied consistently for all years presented.

2b. Change in accounting principles

MBE made prior year changes in line with DAS 150 to align with the accounting standards in relation to the recognition of income from event driven transaction services and income from credit protection plans as well in relation to the presentation of certain line items in the profit and loss account.

The event driven transaction fees have been adjusted from commission income to interest income as the event driven fees were recognized at once, while the fees should be recognized based on the effective interest rate method. This resulted in a decrease of loans and advances to customers for an amount of € 22,091,000 and an increase of other assets for an amount of € 5,631,000. The cumulative effect amounted to € 15,685,000, which was directly recorded in retained earnings as per 1 January 2020. The impact on the 2020 profit and loss account resulted in a negative adjustment in operating income for an amount of € 1,035,000.

Further, the interest expenses of loans which have been partially derecognized were adjusted with the interest income in order to align with the balance sheet presentation. This adjustment decreased the gross interest income on loans and the gross interest expenses for banks simultaneously for an amount of € 33,638,000 in the 2020 profit and loss account.

In addition, the commitment fees for facilities under pledge agreements were adjusted from interest income and interest expense to net commission income in order to reflect the nature of the pledge agreements. This adjustment to the 2020 profit and loss account decreased interest income for an amount of € 4,633,000, decreased interest expense for an amount of € 4,065,000 and increased commission income with € 568,000.

Lastly, derivatives which are measured at cost are presented under derivatives, while previously these transactions were presented in other assets in case the position had a positive value or in other liabilities in case the position had a negative value, respectively

2c. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies as well as forward transactions in foreign currencies, which relate to funds borrowed and lent, are converted at the spot rate as at balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies ae converted at the spot rate as at transaction date.

Exchange rate differences arising from the conversion of assets and liabilities are stated in the profit and loss account. Transactions and the resulting income and charges in foreign currencies are converted at the rate applicable on transaction date.

2d. Use of estimates in the preparation of financial statements

In preparing the financial statements, the Management Board is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in determining estimates. Although these estimates are based on the Management Board's best knowledge of current events and actions, actual results in the future could differ from such estimates and the differences may be material to the financial statements.

The cost of the defined benefit pension plan and the pension liabilities is determined using an independent actuarial valuation. The actuarial valuation involves making assumptions on discount rate, expected inflation, expected wage increases, expected return on net assets, expected indexation and on mortality and disability rates, employment turnover and retirement. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. In order to assure consistency in the calculation, the assumptions used are in line with assumptions from previous years. We refer to note 19 for the calculation of pension liability and the assumptions used.

2e. Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired, or
- the bank has the right to transfer the assets at any given time to a third party in exchange for the balance of any and all remaining amounts due by a debtor to the bank; or
- the bank has transferred substantially all the risks and rewards of the asset.

2f. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2g. Impairment of financial assets

A provision for expected credit loss must be raised for financial assets recognized at amortized cost, such as balances with central banks, loans and advances to banks, loans and advances to customers, debt securities and as well as for off-balance sheet products. This provision is determined on the ECL model that depends on the changes in the credit risk of counterparties compared to the initial recognition of the asset.

MBE assesses at each balance sheet date whether there are changes in credit risk for all financial assets measured at amortized cost and calculates up to date that could lead to adjustments to the expected credit loss on this financial asset or group of financial assets. The impairment recognition as well as the impairment reversals are recognized in the profit & loss account.

MBE has conducted the impairment with the internal ECL model. The most important concepts and assumptions underlying this model, have been determined and captured in a policy. The three stages approach has been adopted to the determination of the expected credit losses:

1. Stage 1: 12-month ECL – performing assets. Financial assets that have not had a significant increase in credit risk since initial recognition require a provision for expected credit losses associated with the probability of default events occurring within the next 12 months.

2. Stage 2: Lifetime ECL – underperforming assets. For financial assets, which endure a significant increase in credit risk (SICR) since initial recognition, a provision will be calculated based on all possible default events over the lifetime of the financial asset.

3. Stage 3: Lifetime ECL – nonperforming assets. Financial assets, which are considered to meet the definition of default, are classified into stage 3. This requires a provision over the lifetime of the financial asset. The interest income is based on the effective interest on the amortized cost carrying amount; i.e. net of any credit allowance.

The definitions are applied for each individual financial asset on the basis of its characteristics. MBE assesses all financial assets measured at amortized cost for any significant deterioration of the credit risk. When a significant deterioration arises, the ECL is based on the probability of default during the lifetime of the asset rather than on the probability during a period of the next 12 months.

Based on Mizuho's probabilities of default term structures, the "investment grade" ratings (for internal ratings A1-B2) are deemed as low credit risk. MBE applies absolute credit quality criteria relating to a "financial instrument having low default credit risk at the reporting date" prescribed in IFRS 9 paragraph 5.5.10 and paragraph 5.5.22 to 5.5.24. Hence, if a facility has reporting date rating within investment grade, it is classified as Stage 1.

The above-mentioned stages refer to the significant increase of the credit risk of the financial asset. MBE has adopted the following characteristics for the assessment of the SICR. For this assessment, MBE has identified sets of qualitative and quantitative triggers to identify SICR to move assets from Stage 1 to Stage 2:

- A three notches downgrade of the credit rating of the counterparty;
- Macro-economic factors show a significant increase of the credit risk;
- The counterparty is in arrears by more than 30 days;
- In case of forbearance.

An asset flagged as Stage 2 due to forbearance can be transferred back to Stage 1 once the conditions are no longer met, subject to compliancy of internal procedures after the probation period of a minimum of 1 year that allows the discontinuation of a forbearance classification.

MBE moves a financial asset to Stage 3 when it is considered to be in default. MBE applies the definition of default of an obligor as specified in Article 178 of the Regulation (EU) No 575/2013 (CRR). According to the mentioned regulation, an obligor defaults when either or both of the following has taken place:

- MBE considers that the counterparty is unlikely to pay its credit obligations to MBE in full without recourse by MBE to actions such as realizing the security;
- The counterparty is in arrears by more than 90 days on any material credit obligation to MBE.

MBE incorporates forward-looking information by calculating unbiased, probability-weighted ECL based on PD forecasts under baseline, favorable and downturn scenarios. These scenarios are built using the macroeconomic forecasts provided by reputable sources (International Monetary Fund and European Central Bank).

2h. Cash flow statement

The cash flow statement has been drawn up according to the indirect method, subdivided into the cash flows from operating activities, investment activities and financing activities during the period. Cash and cash equivalents, as referred to in the cash flow statement, comprises of non-restricted balances with central banks and amounts due from banks on demand.

In the net cash flow from operating activities, the net result is adjusted in respect to items in the profit and loss account and movements in balance sheet items, which do not result in actual receipts or expenditure during the financial year.

2i. Statement of movement in equity

This item shows the movement in share capital and reserves including profit of the current year.

3. Principles for valuation of assets and liabilities

3a. Balances with central banks

This item comprises of current account balances with central banks, including the mandatory reserve deposits.

3b. Loans and advances to banks

Loans and advances to banks are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method. Interest on loans and advances is included in interest income and is recognized on an effective interest rate method.

For an allowance for credit losses we refer to note 2h. The allowance is reported as a reduction of the carrying value of a claim on the balance sheet. Additions and reductions to the allowances for credit losses are recorded in the profit and loss account under the impairment of financial assets.

3c. Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are initially recorded at fair value and measured

subsequently at amortized cost using the effective interest rate method. Interest on loans and advances is included in interest income and is recognized on an effective interest rate method. For an allowance for credit losses we refer to note 2h. The allowance is reported as a reduction of the carrying value of a claim on the balance sheet. Additions and reductions to the allowances for credit losses are recorded in the profit and loss account under the impairment of financial assets.

3d. Debt securities

Debt securities are classified as purchased loans and bonds. These bonds are measured at amortized cost using the effective interest rate method as it is still the intention to hold the bonds until maturity, but also to increase the flexibility to manager these assets for cost mitigation. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognized in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

3e. Intangible fixed assets

Software is stated at cost less accumulated amortization and any accumulated impairment. Amortization is charged over the estimated useful lives, using straight-line method, over a period of 5 years. The assets' residual values and estimated useful lives are reviewed at the end of each annual reporting period.

3f. Tangible fixed assets

Leasehold improvements, office equipment and other tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment. Depreciation is charged over the estimated useful lives, using straight-line method, over a period of 5 years. The assets' residual values and estimated useful lives are reviewed at the end of each annual reporting period.

2h. Cash flow statement

The cash flow statement has been drawn up according to the indirect method, subdivided into the cash flows from operating activities, investment activities and financing activities during the period. Cash and cash equivalents, as referred to in the cash flow statement, comprises of non-restricted balances with central banks and amounts due from banks on demand.

In the net cash flow from operating activities, the net result is adjusted in respect to items in the profit and loss account and movements in balance sheet items, which do not result in actual receipts or expenditure during the financial year.

2i. Statement of movement in equity

This item shows the movement in share capital and reserves including profit of the current year.

3. Principles for valuation of assets and liabilities

3a. Balances with central banks

This item comprises of current account balances with central banks, including the mandatory reserve deposits.

3b. Loans and advances to banks

Loans and advances to banks are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method. Interest on loans and advances is included in interest income and is recognized on an effective interest rate method.

For an allowance for credit losses we refer to note 2h. The allowance is reported as a reduction of the carrying value of a claim on the balance sheet. Additions and reductions to the allowances for credit losses are recorded in the profit and loss account under the impairment of financial assets.

3c. Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are initially recorded at fair value and measured subsequently at amortized cost using the effective interest rate method. Interest on loans and advances is included in interest income and is recognized on an effective interest rate method. For an allowance for credit losses we refer to note 2h. The allowance is reported as a reduction of the carrying value of a claim on the balance sheet. Additions and reductions to the allowances for credit losses are recorded in the profit and loss account under the impairment of financial assets.

3d. Debt securities

Debt securities are classified as purchased loans and bonds. These bonds are measured at amortized cost using the effective interest rate method as it is still the intention to hold the bonds until maturity, but also to increase the flexibility to manager these assets for cost mitigation. This method uses an effective interest

rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognized in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

3e. Intangible fixed assets

Software is stated at cost less accumulated amortization and any accumulated impairment. Amortization is charged over the estimated useful lives, using straight-line method, over a period of 5 years. The assets' residual values and estimated useful lives are reviewed at the end of each annual reporting period.

3f. Tangible fixed assets

Leasehold improvements, office equipment and other tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment. Depreciation is charged over the estimated useful lives, using straight-line method, over a period of 5 years. The assets' residual values and estimated useful lives are reviewed at the end of each annual reporting period.

3g. Derivatives recorded at cost

MBE makes use of derivative instruments with the purpose to manage exposures to interest rate and foreign currency risk. This includes hedge swaps, FX and other money market transactions. As a result the interest rate and foreign currency risk of the hedged items are mitigated. For the valuation of these derivatives, MBE applies the cost price hedge accounting method. The cost price hedge relations are evaluated on a yearly basis for its effectiveness on all critical characteristics: start date, maturity date, nominal amount, cash flow schedule and interest details. The derivatives recorded at cost are the amounts to be received and paid resulting from the foreign currency component of the cross currency swaps being revalued to a reporting currency equivalent.

3h. Derivatives recorded at fair value through profit and loss

MMBE has also taken positions in derivatives with the expectation of profiting from favorable movements in prices and rates. These derivatives are recognized as financial assets or financial liabilities held for trading and are recorded in the balance sheet at fair value. Changes in fair value of derivatives are recognized in the result on financial operations. The credit valuation adjustment (CVA) and the debit valuation adjustment (DVA) are incorporated into the valuation of the derivatives to reflect the risk of default of the counterparty and MBE respectively.

3i. Corporate income taxes

(a) Current income tax

Corporation tax is calculated on the basis of the commercial profit, taking into account permanent differences between fiscal and commercial profit. The current income tax payable (receivable) is calculated on the basis of the applicable tax law in the applicable country and is recognized as an expense (income) for the period, using tax rates that have been enacted or substantially enacted by the end of the reporting period.

(b) Deferred income tax

The deferred tax assets and/or liabilities are determined on the basis of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the calculation of taxable profit. Deferred tax assets are calculated based on tax rates that have been enacted or substantially enacted by the end of the reporting period. Deferred tax assets are recognized when it is probable that future taxable profit will be available against which these temporary differences can be utilized.

3j. Other assets

Other assets are measured at cost less a provision. They comprise of taxes receivable and amounts receivable, other than prepayments and accrued interest. A provision is established when there is objective evidence that the bank will not be able to collect all amounts due according to the original terms of the receivables.

3k. Prepayments and accrued interest

Prepayments and accrued interest are measured at cost. These amounts are recoverable within one year. The accrued interest is considered to be a financial asset and it follows the impairment clause as presented under 2g.

3l. Amounts owed to banks

The initial measurement of the amounts owed to banks is at fair value and subsequent measurement is at amortized cost. This comprises of current accounts and deposits taken from banks. Current accounts and overnight deposits are due on demand.

3m. Amounts owed to customers

The initial measurement of the amounts owed to customers is at fair value and subsequent measurement is at amortized cost. This comprises of current accounts and deposits taken from customers.

Current accounts and overnight deposits are due on demand.

3n. Other liabilities

Other liabilities are recorded at their carrying value and measured at amortized costs. The other liabilities comprise of the revaluation of the derivatives recorded at cost, expenses payable and other amounts payable.

3o. Provisions

MBE has a defined benefit pension plan for which contributions are made to a separate pension insurance fund. The valuation of the pension plan is in accordance with article ASC 715 compensation – retirement benefits issued by Financial Accounting Standards Board (FASB). The cost of providing benefits under the defined benefit plan is determined separately using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The value of the assets is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

3p. Contingent liabilities

Contingent liabilities consist of guarantees and irrevocable letters of credit and acceptances. They are included at their face value and are recorded off-balance. The contingent liabilities commit MBE to make payments on behalf of customers in the event of a specific act. Guarantees and irrevocable letters of credit carry a similar credit risk to loans.

3q. Commitments

CCommitments represent the undrawn part of the committed facilities. They are included at their face value and are recorded off-balance. Even though these committed facilities may not be recognized on the balance sheet, they do contain credit risk and are therefore part of MBE's overall risk.

4. Recognition of income and expenses

4a. Recognition of income and expense

Revenue is recognized to the extent that it is probable that economic benefits will flow to the bank and the revenue can be reliably measured. Expenses are recognized in the year to which they relate. Negative interest on government bonds is reclassified to interest expenses.

4b. Interest and similar income and expenses

For all financial instruments measured at amortized cost and financial instruments designated at fair value, through profit and loss, interest income and expense are recognized on an effective interest rate method.

4c. Commission income and expense

Commission income and expense is attributed to the period in which it arises. It comprises of Income earned from services over a certain period in time and Income earned from transaction services. Income earned from services over a certain period in time are recognized over the lifetime of the asset. Income earned from transaction services are booked in the period to which the service is provided to the client.

4d. Result on financial operations

The result on financial operations comprises of foreign currency results, which are mainly a result of foreign currency transactions on behalf of clients, and fair value changes of the derivatives recorded at fair value through the profit and loss.

4e. Operating expenses

Operating expenses are taken to the profit and loss account in the period to which they relate. Amortization and depreciation charges on tangible and intangible fixed assets are based on cost and are calculated by a straight-line method over the estimated lives of the concerning assets.

Leases entered into by MBE are operating leases. The total payments made under operating leases are charged to staff costs and other administrative expenses in the profit and loss account on a straight line basis over the period of the lease.

5.6 Notes to the Balance Sheet

5. Balances with central banks

(in €'000)	31/12/2021	31/12/2020
Restricted current accounts	45,042	34,109
Unrestricted current accounts	1,365,122	1,411,944
Expected credit loss	-	(1)
	1,410,164	1,446,052

The balances with central banks comprise of all current account balances with central banks: restricted and non-restricted. The restricted current accounts represent mandatory reserve deposits with the central banks of Austria, Belgium and the Netherlands and the collateralized account at the Dutch Central Bank to facilitate payments. The expected credit loss on balance with central banks is part of the impairment of financial assets, which are further explained in 5.9.5.2 ECL.

6. Loans and advances to banks

The specification of the loans and advances to banks is as follows:

(in €'000)	31/12/2021	31/12/2020
Current accounts	47,380	54,704
Term loans	165,692	316,022
Expected credit loss	(26)	(114)
	213,046	370,612

The loans and advances to banks comprise of all loans and advances to banks falling under the supervision of the government or the central banks, which are not included in the balances with central banks and insofar as not embodied in the form of debt securities including fixed income securities.

During 2021 and 2020 there were no actual loan losses and write-offs recorded. At the year-end there were no arrears in loan and interest repayments. The expected credit loss on loans and advances to banks is part of the impairment of financial assets, which are further explained in 5.9.5.2 ECL.

The specification of the loans and advances to banks per geographical region before expected credit loss is as follows:

(in €'000)	31/12/2021	31/12/2020
The Netherlands	140,091	216,834
EU (excluding the Netherlands)	32,049	116,632
Rest of Europe	10,339	8,689
North America	3,845	3,806
Japan	26,295	19,775
Other	453	4,990
	213,072	370,726

7. Loans and advances to customers

The specification of the loans and advances to customers is as follows:

(in €'000)	31/12/2021	31/12/2020
Current accounts	100,630	84,135
Term loans	2,807,897	2,165,256
Expected credit loss	(1,313)	(2,051)
	2,907,214	2,247,340

During 2021 and 2020 there were no actual loan losses and write-offs recorded. At the year-end there were no arrears in loan and interest repayments. The expected credit loss on loans and advances to customers is part of the impairment of financial assets, which are further explained in note 2g.

8. Debt securities

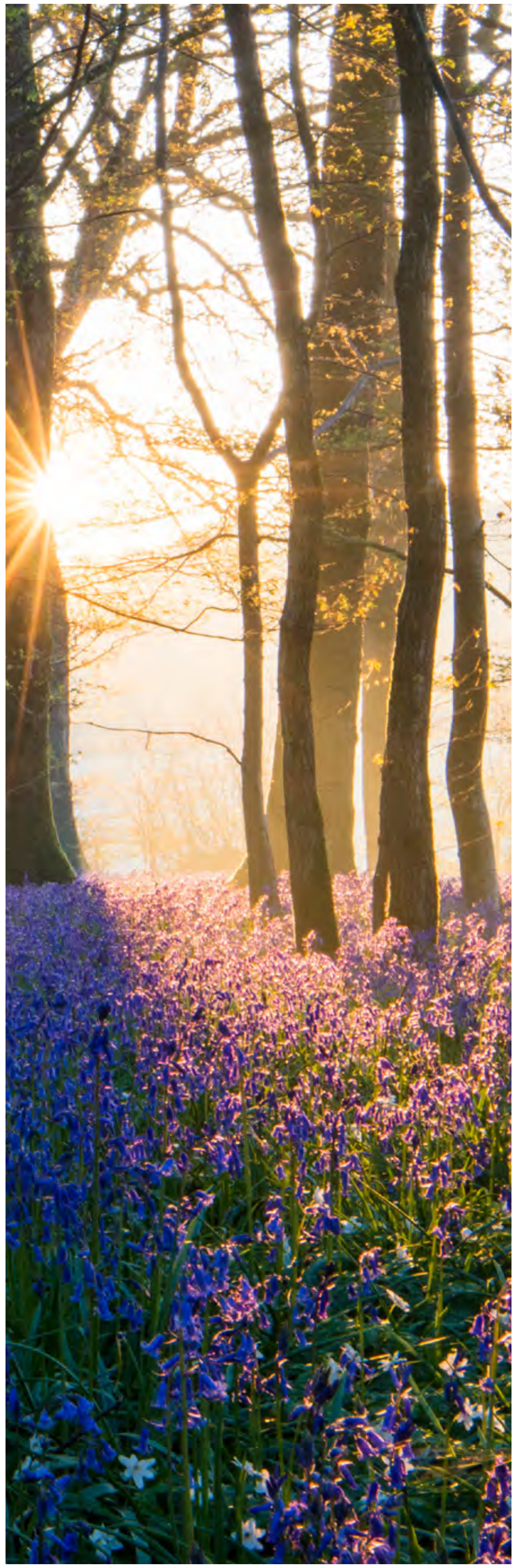
The movement in the debt securities is as follows:

(in €'000)	2021	2020
Gross balance as at 1 January	230,990	152,215
Investments	156,041	85,466
Redemptions	-	(5,340)
Amortization	(6,203)	(1,351)
Gross balance as at 31 December	380,828	230,990
Expected credit loss	(4)	(7)
Balance as at 31 December	380,824	230,983

9. Intangible fixed assets

The intangible fixed assets comprise of software. The movement in the intangible fixed assets is as follows:

(in €'000)	2021	2020
At cost		
Balance as at 1 January	4,914	4,599
Additions	578	325
Disposals	(43)	(10)
Balance as at 31 December	5,449	4,914
Accumulated amortization		
Balance as at 1 January	2,961	2,411
Amortization	603	560
Amortization on disposals	(43)	(10)
Balance as at 31 December	3,521	2,961
Book value	1,928	1,953



10. Tangible fixed assets

The tangible fixed assets comprise of office equipment, computers and vehicles. The movement in the tangible fixed assets is as follows:

(in €'000)	2021	2020
At cost		
Balance as at 1 January	8,434	7,182
Additions	423	2,355
Disposals	(139)	(1,103)
Balance as at 31 December	8,718	8,434
Accumulated depreciation		
Balance as at 1 January	2,193	2,094
Depreciation charge	1,482	1,052
Depreciation on disposals	(120)	(953)
Balance as at 31 December	3,555	2,193
Book value	5,163	6,241

11. Derivatives - Assets

The specification of the derivatives – assets is as follows:

(in €'000)	31/12/2021	31/12/2020
Foreign currency transactions	29,132	51,129
Hedge swaps	4,745	6,485
Other money market transactions	8,547	-
	42,424	57,614

The specification of the derivatives recorded at cost is as follows:

(in €'000)	31/12/2021	31/12/2020
Interest rate swaps	29,132	51,129
Cross currency swaps	4,745	6,485
CVA adjustment	8,547	-
	42,424	57,614

The specification of the derivatives recorded at fair value through the profit and loss is as follows:

(in €'000)	31/12/2021	31/12/2020
Interest rate swaps	24,945	36,515
Cross currency swaps	21,008	13,498
CVA adjustment	(211)	(384)
	45,742	49,629

The CVA/DVA adjustment has been recorded under the derivatives as financial assets and financial liabilities. The net impact thereof is a profit and amounts to € 183,000 (2020: a profit of € 436,000).

The specification of the gross notional amounts of the derivatives is as follows:

(in €'000)	31/12/2021	31/12/2020
Interest rate swaps	305,085	354,234
Cross currency swaps	266,663	136,339

The specification of the fair values and the related notional amounts of the outstanding derivatives is as follows:

	Notion	Amounts			31/12/2021
(in €'000)	Total	<1YR	>1YR <5YR	>5YR	Fair value
Interest rate swaps (fair value)	305,085	43,380	108,347	153,358	24,945
Interest rate swaps (at cost)	103,431	-	81,431	22,000	646
Cross currency swaps (fair value)	266,663	258,274	8,389	-	21,008
Cross currency swaps (at cost)	135,302	46,808	88,494	-	9,058

	Notion	Amounts			31/12/2020
(in €'000)	Total	<1YR	>1YR <5YR	>5YR	Fair value
Interest rate swaps (fair value)	354,234	49,651	119,900	184,683	36,515
Interest rate swaps (at cost)	4,876	-	4,876	-	2,167
Cross currency swaps (fair value)	136,339	136,339	-	-	13,498
Cross currency swaps (at cost)	119,491	59,969	59,522	-	5,144

The counterparty of all these transactions is Mizuho Bank Ltd., London branch; the counterparty risk is therefore considered to be limited.

12. Deferred taxes

The deferred tax assets represent temporary differences caused by the pension provision and the expected credit loss on financial assets in the Vienna branch. The temporary difference of the pension provision amounts to € 18,020,000 (2020: € 19,209,000) multiplied by a tax rate of 25% for the amount likely to be recovered. The pension provision is calculated in accordance with the requirements of the FASB statements, which is not recognized by the tax authorities.

In previous years, the expected credit loss calculated on financial assets was not accepted by the Austrian tax authorities for stage 1 and stage 2 impairments. The impairments calculated on the financial assets in the Vienna branch only consists of stage 1 and stage 2 impairments. As from 2021 the calculated stage 1 and stage 2 impairments on the financial assets in the Vienna branch as at 31 December 2020 are allowed to be amortized for a period of 5 years.

The deferred tax asset as at 31 December 2021 represented the pension provision multiplied by a tax rate of 25.8% for the amounts likely to be recovered in the Netherlands. For the amounts to be recovered in Austria the tax rate 25% within one year, 24% between one and two years and a tax rate of 23% for the other amounts. Due to the changes in two tax rates in the Netherlands and in Austria, the deferred tax asset was revalued. The net revaluation was booked as a credit in the tax charge.

The movement in the deferred tax assets is as follows:

(in €'000)	2021	2020
Balance as at 1 January	5,033	4,325
Addition	-	232
Release	(343)	(172)
Rate changes	135	649
Balance as at 31 December	4,825	5,034

The composition of the deferred tax assets is as follows:

(in €'000)	31/12/2021	31/12/2020
Pension provision	4,649	4,802
Expected credit loss	176	232
	4,825	5,034

13. Other assets

(in €'000)	31/12/2021	31/12/2020
Corporate income tax	7,888	6,327
Other taxes receivable	205	301
Other	747	2,661
	8,840	9,289

The other taxes receivable include withholding tax and VAT and other include amounts, which are not attributable to clients.

14. Prepayments and accrued interest

(in €'000)	31/12/2021	31/12/2020
Accrued interest and fees	12,896	12,502
Prepayments	857	1,114
	13,753	13,616

15. Amounts owed to banks

The specification of the amounts owed to banks is as follows:

(in €'000)	31/12/2021	31/12/2020
Current accounts	83	1,734
Term deposits	1,459,663	1,120,110
	1,459,746	1,121,844

16. Amounts owed to customers

The specification of the amounts owed to customers is as follows:

(in €'000)	31/12/2019	31/12/2020
Current accounts	1,517,598	1,272,786
Term deposits	1,415,738	1,378,989
	2,933,336	2,651,775

17. Derivatives

The specification of the derivatives – liabilities is as follows:

(in €'000)	31/12/2021	31/12/2020
Derivatives recorded at cost	29,109	68,409
Derivatives recorded at fair value through the profit and loss	44,358	48,020
	73,467	116,429

The specification of the derivatives recorded at cost is as follows:

(in €'000)	31/12/2021	31/12/2020
Foreign currency transactions	28,592	49,987
Hedge swaps	517	364
Other money market transactions	-	18,058
	29,109	68,409

The specification of the derivatives recorded at fair value through the profit and loss is as follows:

(in €'000)	31/12/2021	31/12/2020
Interest rate swaps	23,358	34,535
Cross currency swaps	21,021	13,497
DVA adjustment	(21)	(12)
	44.358	48,020

The CVA/DVA adjustment has been recorded under the derivatives as financial assets and financial liabilities. The net impact thereof is a profit and amounts to € 183,000 (2020: a profit of € 436,000).

The specification of the gross notional amounts of the derivatives is as follows:

(in €'000)	31/12/2219	31/12/2020
Interest rate swaps	299,485	354,234
Cross currency swaps	266,663	136,339

The specification of the fair values and the related notional amounts of the derivatives is as follows:

(in €'000)	Notional amounts				31/12/2021
	Total	<1YR	>1YR <5YR	>5YR	Fair value
Interest rate swaps (fair value)	299,485	43,380	102,747	153,358	23,358
Interest rate swaps (at cost)	161,759	77,077	84,682	-	683
Cross currency swaps (fair value)	266,663	258,274	8,389	-	21,021
Cross currency swaps (at cost)	22,833	22,883	-	-	386

(in €'000)	Notional amounts				31/12/2020
	Total	<1YR	>1YR <5YR	>5YR	Fair value
Interest rate swaps (fair value)	354,234	49,651	119,900	184,683	34,535
Interest rate swaps (at cost)	256,251	26,967	208,784	20,500	2,225
Cross currency swaps (fair value)	136,339	136,339	-	-	13,497
Cross currency swaps (at cost)	30,375	5,483	24,892	-	719

All transactions with clients are covered by opposite transactions with Mizuho Bank Ltd., London branch; the counterparty risk is therefore considered to be limited.

18. Other liabilities

The specification of the other liabilities is as follows:

(in €'000)	31/12/2021	31/12/2020
Interest and commission payable	6,094	7,734
Expenses payable	8,872	7,350
Unsettled payments	5,553	8,207
Other taxes payable	99	327
Other	202	7
	20,820	23,625

19. Provisions

The specification of the provisions is as follows:

(in €'000)	31/12/2021	31/12/2020
ASC 715 pension liabilities	18,020	19,209
Impairment on off-balance sheet products	129	894
	18,149	20,103

The expected credit loss model includes impairments on off-balance sheet products, such contingent liabilities and undrawn commitments. These impairments are recorded under the provisions.

MBE has entered into a defined benefit pension scheme and reports a provision for pension liabilities in accordance with ASC 715.

The information presented below is prepared in accordance with our understanding of the requirements of the following FASB statements: ASC 715 Compensation – retirement benefits.

Net periodic pension cost:

(in €'000)	2021	2020
Current service cost	2,117	2,125
Interest expense	446	512
Expected return on plan assets	106	(154)
Amortization of unrecognized results	(3,082)	(1,882)
Total pension expense/(income) in p&l	(413)	601

Weighted average assumptions at year-end:	2021	2020
Discount rate	1.32%	0.76%
Expected return on plan assets	0.87%	0.33%
Rate of compensation increase	2.00%	1.80%

The actuarial valuation is based on assumptions. The expected return on plan assets has been determined in such a way that discounting the cash flows results in the surrender value of the plan assets. The assumptions are being reviewed by and discussed between the Management Board and the actuary, who is making the actuarial valuation, on a yearly basis.

The indexation for active and inactive employees are the same (rate of compensation increase) and is based on the inflation rate which is agreed with MBE's pension provider.

Estimated future benefit payments

The disclosure shown below provides information on the expected contribution for next year as well as on the expected benefit payments in the coming years:

Estimated future benefit payments (in €'000):	2021	2020
Expected contributions next year	1,200	982
Expected benefit payments during financial year + 1	365	267
Expected benefit payments during financial year + 2	464	304
Expected benefit payments during financial year + 3	564	434
Expected benefit payments during financial year + 4	627	538
Expected benefit payments during financial year + 5	656	635
Expected benefit payments during financial year + 6 to 10	5,443	4,935

Benefit obligations and funded status

The disclosure shown below provides information on the projected benefit obligation, the plan assets and the amounts to be included in the accounts of MBE as of 31 December 2021. The defined benefit pension scheme is executed by an insurance company. As such, no significant risks remain with MBE with regard to the pension benefits. The assets are 100% insurance contracts.

(in €'000)	2021	2020
Accumulated benefit obligation, at 1 January	58,880	55,117
Change in projected benefit obligation:		
Service cost	2,117	2,125
Interest cost	446	512
Actuarial (gain)/loss	(7,634)	1,362
Plan amendment	-	-
Benefits paid	(267)	(236)
Balance as at 31 December	53,542	58,880

(in €'000)	2021	2020
Fair value of plan assets:		
Balance as at 1 January	39,671	35,222
Actual return on plan assets	(4,658)	3,398
Employer contributions	776	1,287
Benefits paid	(267)	(236)
Balance as at 31 December	35,522	39,671

The fair value of the plan assets is based on the surrender value.

(in €'000)	2021	2020
ASC 715 Funded status at 31 December:		
Plan assets	35,522	39,671
Current liabilities	(365)	(267)
Non-current liabilities	(53,177)	(58,613)
Total asset/(liability)	(18,020)	(19,209)

Reconciliation of ASC 715 liability for pension benefits

(in €'000)	2021	2020
Balance as at 1 January	(19,209)	(19,895)
Contributions in year	776	1,287
Total pension (expense)/income in p&l	413	(601)
Balance as at 31 December	(18,020)	(19,209)

New joiners as from 1 January 2019 are offered a defined contribution plan. Therefore they are not part of the ASC715 pension provision.

All gains and losses are directly booked in the profit and loss account.

20. Sub-ordinated loan

On 22 March 2019 MBE entered into an uncommitted sub-ordinated term loan facility with its parent company, Mizuho Bank Ltd. The drawdown period ranges from the facility start date up to 22 March 2020, whereby the final maturity date is 10 years after each drawdown date. The loan is denominated in Japanese Yen. The interest is 3 months libor plus 60 basis points.

Early repayment is callable after 5 years and subject to regulatory approval. The loan is wholly subordinated to claims of all non-subordinated creditors and shall therefore rank in right and priority of payment after all sub-ordinated claims from MBE's creditors.

The specification of the sub-ordinated loan is as follows:

(in €'000)	31/12/2021	31/12/2020
Loans – longer than 5 years	2,684	2,767
	2,684	2,767

21. Shareholder's equity

Share capital

The authorized share capital amounts to € 192,500 of which € 191,794 is issued and paid up. All shares have a nominal value of € 45.00 each. In 2002 the nominal value was changed from NLG to EUR. A legal reserve was formed for the difference (€ 939).

In 2017 MBE issued 1,111,111 shares at nominal value of € 45.00 each. This was fully paid up by MHBK, of which MBE is the 100% subsidiary.

(in €'000)	2021	2020
Balance as at 1 January	191,794	191,794
Balance as at 31 December	191,794	191,794

Legal reserve

The reserve contains the amount of rounding difference regarding the redenomination of the shares from NLG to EUR in 2002.

Share premium

The balance of the share premium is as follows:

(in €'000)	2021	2020
Balance as at 31 December	4,342	4,342

Other reserves

The movement in the other reserves is as follows:

(in €'000)	2021	2020
Balance as at 1 January	281,925	273,595
Transfer to Other reserves	-	(15,685)
Result for the year	22,820	24,015
Balance as at 31 December	304,745	281,925

Result for the year

The movement in the result for the year is as follows:

(in €'000)	2021	2020
Balance as at 1 January	22,820	24,015
Transfer to Other reserves	(22,820)	(24,015)
Result for the year	23,901	22,820
Balance as at 31 December	23,901	22,820

22. Contingent liabilities

The specification of the contingent liabilities is as follows:

(in €'000)	31/12/2021	31/12/2020
Guarantees	411,691	657,427
Irrevocable letters of credit and acceptances	4,877	2,758
	416,568	660,185

The contingent liabilities include all liabilities arising from transactions in which the bank has guaranteed the commitments of third parties.

23. Commitments

(in €'000)	31/12/2021	31/12/2020
Commitments	839,458	842,326
	839,458	842,326

The commitments concern the total amount of commitments in respect of undrawn irrevocable facilities that may give rise to a credit risk.

24. Rental commitments

MBE has entered into rental agreements for office premises amounting to € 4,593,000 (2020: € 4,476,000) of which € 976,000 (2020: € 764,000) is payable within 1 year. MBE has also entered into other agreements, such as rental agreements for houses for expats, amounting to € 1,024,000 (2020: € 1,366,000), of which € 365,000 (2020: € 410,000) is payable within 1 year. All other amounts are payable between 1 and 5 years.

25. Capital adequacy

(in €'000)	31/12/2021	31/12/2020
Total risk weighted amount	2,799,701	2,521,501
Own funds	502,386	479,587
Tier 1 capital	499,701	476,820
Tier 2 capital	2,685	2,767
Core Equity Tier 1 (CET 1) Ratio	17.85%	18.91%
Total capital ratio	17.94%	19.02%
Required Tier 1 capital	324,756	292,269
Required Tier 1 ratio	12%	12%
Required CET1 capital	269,832	242,757
Required CET1 ratio	10%	10%

5.7 Notes to the Profit and Loss Account

26. Interest and similar income

The specification of interest and similar income is as follows:

(in €'000)	2021	2020
Loans	56,219	54,060
Swaps	9,995	14,007
Commitment fees	8,231	6,475
Banks	3,580	1,748
Central banks	1,414	121
Debt securities	-	4
Others	8,102	11,778
	87,541	88,193

The interest and similar income includes income arising from the lending of funds and related transactions as well as commissions and other income that have the character of interest. The other interest income mainly relates to money market transactions (€ 7,154,000 and in 2020 € 11,246,000) and decreased due to less business opportunities in currencies.

Negative interest on MBE's assets is classified as an interest expense and similar charges. This amounts to € 4,254,000 (in 2020: € 1,913,000).

The average interest return is calculated at 0.076% (2020: 0.091%). The average interest is calculated per income category, taking the overall weighting into account.

27. Interest expense and similar charges

The specification of interest expense and similar charges is as follows:

(in €'000)	2021	2020
Swaps	13,347	17,047
Banks	32	1,351
Commitment fees	4,569	3,140
Central banks	6,653	3,563
Deposits and current accounts	1,712	8,070
Others	18,325	14,268
	44,638	47,439

The interest expense and similar charges include costs arising from borrowing of funds and related transactions as well as other charges that have the character of interest. The other interest expenses mainly relate to guarantee expenses and utilization fees.

Negative interest on MBE's funding is classified as interest and similar income. This amounts to € 7,137,000 (in 2020: € 3,145,000).

The average funding cost is calculated at 0.041% (2020: 0.041%). The average interest is calculated per expense category, taking the overall weighting into account.

28. Commission Income

The specification of commission income is as follows:

(in €'000)	2021	2020
Transaction services	427	412
Services over a certain period	11,118	13,476
	11,545	13,888

The commission income includes income from transaction services and from service over a certain period. This comprises income from fees received in respect of banking services supplied to third parties insofar as these do not have the character of interest. Income from transaction services relate to fees which have a one-off character and which are recognized once the fee is realised. Income from services over a certain period relates to fees which are recognized on straight line basis (or another basis which is applicable for these revenues).

29. Commission expense

(in €'000)	2021	2020
Commission expense	527	441
	527	441

The commission expense concerns expenses paid in respect of fees for banking services supplied by third parties insofar as these do not have the character of interest.

30. Result on financial operations

(in €'000)	2021	2020
Foreign currency results	5,577	6,175
Results derivatives	71	1,740
	5,648	7,915

The result on financial operations comprises of foreign currency results, which are mainly a result of foreign currency transactions on behalf of clients, and fair value changes of the derivatives recorded at fair value through the profit and loss.

31. Staff costs and other administrative expenses

The specification of the staff costs and other administrative expenses is as follows:

(in €'000)	2021	2020
Staff costs	12,483	12,759
Other administrative expenses	14,776	16,160
	27,259	28,919

The specification of the staff costs is as follows:

(in €'000)	2021	2020
Wages and salaries	11,534	10,573
Pension and early retirement costs	(97)	946
Social security charges	1,008	1,052
Other social costs	38	188
	12,483	12,759

The specification of the pension and early retirement costs is as follows:

(in €'000)	2021	2020
Contributions defined contribution plan	188	112
Other pension movements	128	233
Movement in ASC 715 pension liabilities	(413)	601
	(97)	946

The average number of employees in full time equivalents (FTE) in 2021 for Amsterdam, Brussels, Vienna and Madrid was 90.8 (2020: 92.6):

	2021	2020
Amsterdam	77.1	78.3
Brussel	4.0	4.3
Vienna	5.5	5.8
Madrid	4.2	4.2
	90.8	92.6

32. Expected credit loss of financial assets

The specification of the expected credit loss of financial assets is as follows:

(in €'000)	2021	2020
Balances with central banks	(1)	-
Loans and advances to banks	(88)	38
Loans and advances to customers	(738)	1,339
Debt securities	(3)	3
Off balance sheet products	(765)	673
	(1,595)	2,053

33. Income tax

The specification of the income tax is as follows:

(in €'000)	2021	2020
Operation result before taxation	30,820	29,532
Tax calculated at nominal tax rate	8,041	7,434
Tax effect change in accounting principles	-	(253)
Rate changes	(135)	(649)
Tax on non-deductible expenses	5	62
Tax adjustments previous years	8	118
	7,919	6,712

This item concerns all tax charges attributable to the financial year in respect of the income stated in the profit and loss account. The nominal tax rate is deemed to be equal to the actual effect on the profit of the year. The total amount of tax paid in 2021 is € 9,132,000 (in 2020: € 8,117,000).

The effective tax rate on a consolidated level is 24.9% (in 2020: 22.7%).

The effective tax rate for MBE's Amsterdam office is 24.3% (in 2020: 22.1%). The nominal tax rate in the Netherlands is 15% for the first € 245,000 and for the remainder 25% (in 2020: 16.5% for the first € 200,000 and for the remainder 25%). The difference in 2021 between the nominal and effective tax rate is mainly caused by the tax rate will be at 25.8% as from 2022 resulting in a revaluation of the deferred tax asset.

The effective tax rate for MBE's Brussels branch is 23.6% (in 2020: 26.2%). The nominal tax rate in Belgium is 25% (in 2020: 25%). The difference in 2021 between the nominal and effective tax rate is mainly caused by the impairments on the financial assets in the Brussels branch and other non-deductible expenses.

The effective tax rate for MBE's Vienna branch is 25.8% (in 2020: 23.7%). The nominal tax rate in Austria is 25% (in 2020: 25%). The difference in 2021 between the nominal and effective tax rate is caused by the tax rate will be as in 2023 and 23% as from 2024 resulting in a devaluation of the deferred tax asset and the non-deductible expenses.

The effective tax rate for MBE's Madrid branch is 30.6% (in 2020: 29.5%). The nominal tax rate in Spain is 30% (in 2020: 30%). The difference in 2021 between the nominal and effective tax rate is caused by non-deductible expenses.

34. Country by country disclosures

MBE has offices in four countries. The main office is since May 2020 located at Amsterdam Atrium, 3rd Floor, Strawinskylaan 3053, 1077 ZX in Amsterdam (the Netherlands). There is a branch office at Avenue Louise 480, 1050 in Brussels (Belgium), a branch office at DC Tower, Donau-City Strasse 7, 1220 in Vienna (Austria) and at Calle Orense 34, Planta 8, Edificio Iberia Mart II, 28020 in Madrid (Spain). MBE did not receive any public subsidies for any of the offices.

The difference between the total income on a consolidated level and the total income of the offices combined is caused by the SLA charges from the Amsterdam office to its branches.

The specification of the key financials for the offices is as follows:

	2021 Amsterdam	2021 Brussels	2021 Vienna	2021 Madrid
Total income	50,087	4,189	6,898	3,3778
Operation result before taxation	25,274	1,131	3,206	2,209
Income tax	(6,151)	(266)	(826)	(676)
Net result	19,123	865	2,380	1,533

	2020 Amsterdam	2020 Brussels	2020 Vienna	2020 Madrid
Total income	52,55	4,367	7,365	2,735
Operation result before taxation	24,555	1,135	2,477	1,365
Income tax	(5,425)	(298)	(586)	(403)
Net result	19,130	837	1,891	962

35. Related party disclosures

All related party transactions are executed at arm's length. MBE has outsourced the core banking applications and back office activities to Mizuho Bank Ltd. London branch. The expenses incurred from the head office in Tokyo as well as by the London branch for software and for SLA charges amounted in 2021 to € 7,075,000 (2020: € 4,809,000).

Regarding the total credit exposures, the parent bank has provided MBE hedges, guarantees and other risk mitigating services to an amount of € 15,627,287,000 (2020: € 16,550,485,000).

The specification of the assets, liabilities, income and expenses with related parties is as follows:

(in €'000)	**31/12/2021**	**31/12/2020**
Receivables from (included in the loans and advances to banks):		
Mizuho Bank Ltd.	18,652	96,512
A.O. Mizuho Bank	-	-
	18,652	96,512
Payables to Mizuho Bank Ltd. (included in the amounts owed to banks)	926,123	868,308
Mizuho Securities	-	-
	926,123	868,308
The notional amounts of the derivatives with Mizuho Bank Ltd. (included in the derivatives recorded at cost and recorded at fair value):		
Interest rate swaps (assets)	567,474	615,360
Cross currency swaps (assets)	424,798	286,205
Interest and commission income related to:		
Banks	(21,948)	(34,219)
Swaps	(608)	2,958
Other	-	2
	(22,556)	(31,259)
Interest and other expenses related to:		
Banks	19,413	35,256
Swaps	9,688	11,932
Fees	13,277	9,464
Commissions	21	48
Pledges	1,452	3,867
Other	144	201
	43,995	60,768

36. Renumeration of Management Board and Supervirosry Board Members

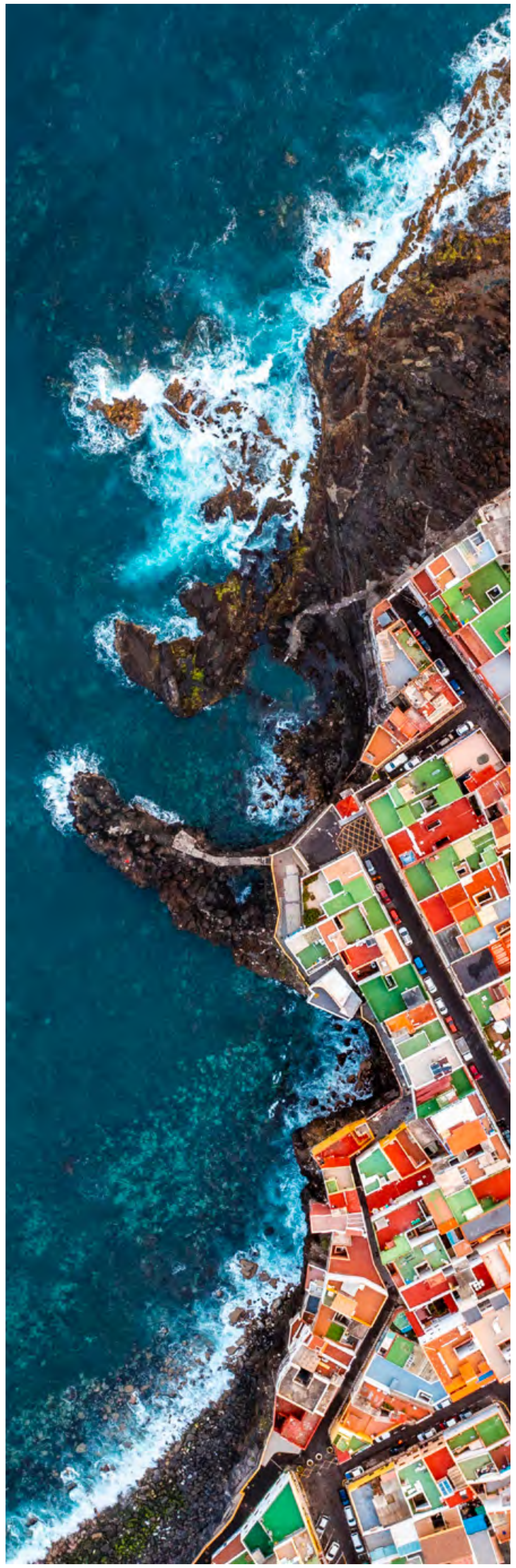
The remuneration of the Management Board in 2021 amounted to € 899,000 (2020: € 1,038,000). The remuneration for the independent Supervisory Board members amounted to € 103,000 (2020: € 101,000).

37. Remuneration of the external auditors

In 2021 MBE changed from external auditor. The 2021 annual report has been audited by EY, while Deloitte has been the external auditor for the period 2015 up to 2020. The following audit firm fees (excluding VAT) were expenses in the profit and loss account in the reporting period. The specification is as follows:

	EY NL	**EY Other**	**Deloitte**	**NL**	**EY**	**Total**	**EY**	**Total**
(in €'000)	2021	2021	2021	2021	2020	2020	2020	2020
Audit in the Netherlands	200	-	-	200	162	-	-	162
Audit in other countries	-	57	-	57	-	57	-	57
Audit related services	77	-	34	111	110	-	-	110
Other services	11	-	-	11	11	-	69	80
	287	57	34	378	283	57	69	409

The fees listed above relate to the fees charged to MBE by the audit firm (and affiliated firms) responsible for auditing the annual report. The disclosed fees are based on the audit of the annual report over the financial year it relates to, even though a significant part of the audit activities are being performed after the year end. These fees do not include services rendered by internal auditors or by other audit firms.



5.8 Notes to the Cash Flow Statement

38. Cash and cash equivalents

The specification of the cash and cash equivalents is as follows:

(in €'000)	31/12/2021	31/12/2020
Restricted balances with central banks (Note 5)	45,042	34,109
Unrestricted balances with central banks (Note 5)	1,365,122	1,411,944
Loans and advances to banks, on demand (Note 6)	47,380	54,704
	1,457,544	1,500,757

5.9 Risk Management

5.9.1 Fair Value

The purpose of this information is to give users of the financial statements insight in the fair value of the financial instruments. Fair value is defined as the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. As far as possible, the fair value is based on market prices. In those situations where a market price is not available, the fair value is estimated using models that discount future cash flows. Related items are marked (*). The valuation methods for those instruments for which the market value differs from the carrying amounts are explained in more detail below. Balances marked by two starts are instruments for which the fair value approximates the carrying amount due to their short term nature.

Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Debt securities

The aggregate fair values are calculated based on quoted market prices, where possible. For those notes of which quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

Funds entrusted

As the funds entrusted represent short-term deposits and as interest rates are low, the fair value approximated at the carrying value.

(in €'000)	31/12/2021		31/12/2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Balances with central banks (**)	1,410,164	1,410,164	1,446,052	1,446,052
Banks (*)	213,046	213,621	370,612	371,204
Loans and advances to customers (*)	2,907,214	2,929,660	2,247,340	2,282,359
Debt securities	380,824	380,365	230,983	231,082
	4,911,248	4,933,810	4,294,987	4,330,697
Swaps hedge	-	9,704	-	5,146
Interest rate swaps (*)	24,945	24,945	36,515	36,515
Cross currency swaps (*)	21.008	21,008	13,499	13,499
	4,957,201	4,989,466	4,345,001	4,385,857
Liabilities				
Banks (**)	1,459,746	1,457,675	1,121,844	1,122,670
Funds entrusted (**)	2,933,336	2,930,061	2,651,775	2,651,716
	4,393,082	4,387,736	3,773,619	3,774,386
Swaps hedge (*)	-	1,069	-	2,944
Interest rate swaps (*)	23,358	23,358	34,535	34,535
Cross currency swaps (*)	21,021	21,021	13,498	13,498
	4,437,461	4,433,185	3,821,652	3,825,363

5.9.2 Risk Policies

MBE's approach to risk management matches its low complexity. Our Risk Management Framework (RMF) aims to limit the impact of unexpected events on our solvency, liquidity, and business & operational performance to the greatest possible extent.

We consciously strive for a low-risk profile by having strategies as well as systems and procedures in place for the identification and mitigation of risks. Making clear choices and adequately embedding risk management at all organizational levels are important in this respect.

Overall, compliance with the Wet op het financieel toezicht (Wft) is an integral component of risk management within MBE. The Wft describes requirements to mitigate financial risks, such as credit risk, interest rate risk, foreign exchange risk, and liquidity risk but also for non-financial risks such as operational risk, IT risk, strategic risk, legal and integrity risk, and reputational risk.

Based on the consolidated reporting of Mizuho Bank Ltd. in Japan, MBE is exempted from the DNB's Pillar 3 public disclosure requirements. However, MBE will provide a Pillar 3 risk profile disclosure to interested parties at their request.

5.9.3 Risk Appetite

Risk appetite is the core of MBE's risk governance framework. Risk appetite is the aggregate level and types of risk the bank is willing to assume within its risk capacity, in order to achieve its business strategy and financial strategy. The risk appetite is set in the Risk Appetite Statement document, which is approved by the Management Board and Supervisory Board of MBE.

We express our risk appetite through the Risk Appetite Statement and Risk Appetite Metrics. The Risk Appetite Statement is a qualitative statement articulating the fundamental policy on management, business, financial and risk-taking strategy. Taking into account MBE's Risk Appetite Statement, the Risk Appetite Metrics define the level or risk that our Management is willing to assume. The Risk Appetite Metrics are set for credit risk, capital strength, liquidity risk, profitability, interest rate risk, operational risk, integrity risk and reputation risk.

In establishing the Risk Appetite Framework, MBE has also adopted Behavioral Guidelines for a Sound Risk Culture, which was established by MHFG to heighten senior management's and employees' risk sensitivity and improve their responses and countermeasures in the event of risks. These guidelines provide the foundation for appropriate values and courses of action that should be employed by Mizuho's senior management and employees when approaching risks. We have embedded these guidelines in the foundation of our risk appetite framework.

5.9.4 Risk Organization

We base the structure of our RMF on the three lines of defense principle. Assigned to the first line are the commercial and operational departments and concerns day-to-day responsibility for risk control. Risk Management, Credit Assessment, and Compliance comprise the second line and are responsible for initiating risk policies and supervision of risk control. Internal Audit forms the third line and is responsible for performing independent audits on the RMF.

The Management Board and the Supervisory Board supervise the risks and capital adequacy requirements in relation to MBE's operations. For this purpose, two committees are in place. The quarterly Risk Committee assesses all risks identified relating to MBE's business activities. Secondly, the Risk Committee of the Supervisory Board is in place to advise the Supervisory Board on financial reporting, liquidity risk, capital management, internal and external audits, as well as on compliance matters and duty of care.

The Management Board, together with the Supervisory Board, bears the ultimate responsibility for MBE's RMF. The Management Board and Supervisory Board review and approve this framework in principle on an annual basis.

5.9.5 Credit Risk

5.9.5.1 Policy

Credit risk constitutes MBE's most significant risk category. Credit risk is defined as the risk that a counterparty cannot fulfill its obligations to the bank. MBE calculates credit risk for its capital requirements in accordance with the Standardized Approach (SA).

MBE's policy on credit risk revolves primarily around the counterparty risks associated with lending to corporate clients. Strict selection criteria for new clients and active credit management for existing clients safeguard the quality of the loan portfolio.

Credit risk on positions with governments and financial institutions arises from the investment activities, international payment transactions, and cash management.

MBE performs on-going credit evaluations of clients' financial conditions, both at the MHBK group level and in the local operations. Consequently, MBE's parent is, to a large extent, involved in monitoring the creditworthiness of clients. The frequency of these reviews may differ depending on the individual borrower's risk profile, but takes place at least once a year.

MBE seeks to use several products, where possible, to mitigate its credit exposure. The products come in various forms such as letters of credit, parental guarantees, and guarantees from other Mizuho offices, collateralized deposits from clients and credit enhancements such as pledge agreements.

On a monthly basis, portfolio developments are discussed in the Portfolio Management Committee. Any negative trend identified in the risk profile with respect to a particular client (segment), a particular sector, or type of loan can lead to the adjustment of MBE's applicable lending policy.

The maximum credit risk for the balances with central banks, loans and advances to banks, and loans and advances to customers also include the accrued interest.

(in €'000)					31/12/2021
	Maximum credit risk	Cash collateral	Guarantees received	Net exposure	Risk weighted amount
Governments and Central banks	1,425,119	-	-	1,425,119	12,063
Loans and advances to banks	213,261	-	21,799	191,462	459,893
Loans and advances to customers	2,914,688	-	1,147,636	1,767,053	1,623,420
Debt securities	381,458	-	-	381,458	-
Contingent liabilities	416,568	-	148,930	267,638	167,407
Commitments	839,459	-	119,297	720,162	325,784
	6,190,553	-	1,437,662	4,752,892	2,588,567
Derivatives					
Foreign currency contracts	28,543	19,280	-	9,263	26,434
Cross currency swaps	866	-	-	866	866
Interest rate swaps	2,813	-	-	2,813	2,813
Netting contracts	99,660	-	-	99,660	48,221
	131,882	19,280	-	112,602	78,334
Total	6,322,435	19,280	1,437,662	4,904,054	2,666,901

(in €'000)					31/12/2020
	Maximum credit risk	Cash collateral	Guarantees received	Net exposure	Risk weighted amount
Governments and Central banks	1,452,275	-	-	1,452,275	12,584
Loans and advances to banks	302,161	-	12	302,149	401,520
Loans and advances to customers	2,254,371	-	765,387	1,488,985	1,448,726
Debt securities	231,599	-	-	231,599	-
Contingent liabilities	660,185	-	372,120	288,065	110,995
Commitments	842,326	-	94,263	748,063	342,349
	5,742,917	-	1,231,782	4,511,136	2,316,174
Derivatives					
Foreign currency contracts	43,107	-	-	43,107	39,689
Cross currency swaps	15,820	-	-	15,820	15,820
Interest rate swaps	39,555	-	-	39,555	22,023
Netting contracts	14,154	-	-	14,154	7,077
	112,636	-	-	112,636	84,609
Total	5,855,553	-	1,231,782	4,623,772	2,400,783

Credit quality by class of financial asset:

A 17-grades internal rating scale is used to measure credit risk. The probability of default is the key driver for the rating classification on contract level. The internal rating methodology is subject to Mizuho Bank policies and procedures.

The internal rating scale, the description of each scale and its equivalence to external ratings are disclosed in the table below:

Customer Categorization	Credit Rating		Customer Profile		Comparable External Rating	
Ordinary Customers	A	1	Business conditions are favorable and there are no specific problems in the customer's financial position.	Very high probability of peformance on obligations. Extremely stable in terms of credit management.	AAA	Investment Grade
		2			AA	
		3			A	
	B	1		No problem, for the time being, with performance on obligations. Sufficiently stable in terms of credit management. ("For the time being" means that fi the business environment should change in the future, there isa possibility that the change would affect the customer)	BBB+/BBB	
		2			BBB-	
	C	1		No problem, for the time being, with performance on obligations and stability in terms of credit management. ("For the time being" means that if the business environment should change in the future, there is a possibility that the change would affect the customer.)	(BB)	Non-Investment Grade
		2				
		3				
	D	1		No problem at present with performance on obligations but has low resistance to future changes in the business environment.	(B)	
		2				
		3				
Customers with Special Attention (I)	E	1	Customers with Special Attention (I): Customers that require close observation, such as customers whose business conditions are on a deteriorating trend or have unstable business performance; customers that have minor problems in their financial position or have problems in their financial position bus recovery according to plan is anticipated.		(CCC or lower)	
Customers with Special Attention (II)		2	Customers with Special Attention (II): Customers that require particularly close observation, such as customers that have problematic lending conditions, e.g. interest reduced, forgiven, or suspended; customers that have problems with performance of obligations			
Customers Under Strict Management		R	Customers that are assessed to have *Claims under Strict Management* as stipulated in Provision 4 Item 4 of the *Law concerning urgent measures for the reconstruction of the functions of the financial system* (1998 Financial Reconstruction Commission Rules and Regulations No.2) in terms of exposure.			
Customers to be Insolvent	F	1	Customers to be Insolvent: Customers that are not insolvent, but are having business difficulties with insufficient progress on their business improvement plans. There is a high probability that the customer will become insolvent (includes customers that are under continuing support of a financial institution and/or other entities).			
Unrecoverable Customers	G	1	Unrecoverable Customers: Customers that are not at present legally or formally bankrupt, but are having serious business difficulties, and it is deemed that there is no prospect for recovery. The customer is essentially bankrupt.			
Insolvent Customer	H	1	Insolvent Customers: Customers that are legally and formally bankrupt			

The following table discloses the exposure and ECL for each internal credit risk rating:

31/12/2021

	(in €'000)	Maximum credit risk	%	ECL	%	Stage 1	Stage 2	Stage 3
Investment grade	A1	1,801,800	29%	5	0%	1,801,800	-	-
	A2	301,953	5%	9	1%	301,953	-	-
	A3	699,027	11%	37	3%	699,027	-	-
	B1	1,274,245	21%	85	6%	1,274,245	-	-
	B2	1,125,190	18%	130	9%	1,125,190	-	-
	C1		246,125	4%	47	3%	231,135	14,990
Non-investment grade	C2	247,445	4%	40	3%	217,439	30,006	-
	C3	175,500	3%	50	3%	175,364	136	-
	D1	48,382	1%	4	0%	1,563	46,820	-
	D2	52,101	1%	202	14%	2,426	49,675	-
	D3	77,550	1%	143	10%	7,903	69,647	-
	E1	58,012	1%	638	43%	2,614	55,398	-
	E2	13,028	0%	16	1%	5	13,023	-
	F1	-	0%	-	0%	-	-	-
	G1	70,194	1%	66	4%	-	-	70,194
	H1	-	0%	-	0%	-	-	-
	Total	6,190,553	100%	1,472	100%	5,840,664	279,695	70,194

31/12/2020

	(in €'000)	Maximum credit risk	%	ECL	%	Stage 1	Stage 2	Stage 3
Investment grade	A1	1,628,700	28%	-	0%	1,628,700	-	-
	A2	253,776	4%	53	2%	253,776	-	-
	A3	442,511	8%	134	4%	442,511	-	-
	B1	1,205,741	21%	351	11%	1,205,741	-	-
	B2	1,061,821	19%	429	14%	1,061,821	-	-
	C1		392,442	7%	334	11%	379,942	12,500
Non-investment grade	C2	155,076	3%	150	5%	154,940	136	-
	C3	322,048	6%	564	19%	272,952	49,096	-
	D1	49,999	1%	248	8%	39,999	10,000	-
	D2	63,340	1%	98	3%	58,876	4,464	-
	D3	68,393	1%	97	3%	2,955	65,438	-
	E1	22,274	0%	490	16%	4,542	17,732	-
	E2	342	0%	-	0%	11	331	-
	F1	76,454	1%	119	4%	-	-	76,454
	G1	-	0%	-	0%	-	-	-
	H1	-	0%	-	0%	-	-	-
	Total	5,742,917	100%	3,067	100%	5,506,766	159,697	76,454

The following table discloses the the movement schedule of the changes in gross carrying amount of the on-balance sheet financial assets, such as banks placements, debt securities, overdraft and loans, and their corresponding ECL

(in €'000)				31/12/2021
Gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January	4,062,313	115,131	76,454	4,253,898
New transactions	1,836,585	166,175	-	2,002,760
Payments and assets derecognised	(1,198,306)	(113,820)	(6,260)	(1,318,386)
Transfers to Stage 2	(109,309)	109,309	-	-
Impact on ECL of transfers			-	-
Foreign currency and other adjustments	1,738	1	-	1,739
	4,593,021	276,796	70,194	4,940,011

(in €'000)				31/12/2021
ECL	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January	1,380	673	119	2,172
New transactions	68	339	-	407
Payments and assets derecognised	(880)	(614)	(53)	(1,547)
Transfers to Stage 2	(67)	67	-	-
Impact on ECL of transfers	-	-	-	-
Foreign currency and other adjustments	(210)	521	-	311
	291	986	66	1,343

The following table discloses the the movement schedule of the changes in gross carrying amount of the off-balance sheet financial assets, such as contingent liabilities and commitments, and their corresponding ECL:

(in €'000)				31/12/2021
Gross carrying amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January	1,457,935	44,576	-	1,502,511
New transactions	602,686	157	-	602,843
Payments and assets derecognised	(808,009)	(46,010)	-	(854,019)
Transfers to Stage 2	(4,874)	4,874	-	-
Impact on ECL of transfers	-	-	-	-
Foreign currency and other adjustments	4,690	1	-	4,691
	1,252,428	3,598	-	1,256,026

(in €'000)				31/12/2021
ECL	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January	767	128	-	895
New transactions	70	1	-	71
Payments and assets derecognised	(602)	(128)	-	(730)
Transfers to Stage 2	-	-	-	-
Impact on ECL of transfers	-	-	-	-
Foreign currency and other adjustments	(108)	1	-	(107)
	127	2	-	129

5.9.5.2 ECL

As of 1 January 2020, MBE implemented methodologies for estimating expected credit losses in line with International Financial Reporting Standard 9 Financial Instruments ("IFRS 9"). The IFRS 9 methodology provides an unbiased 12-month and lifetime ECL estimation. IFRS 9 ECL models are developed in corporation with MHBZ. Changes in loss allowances are regularly monitored and discussed in relevant committees.

Per year end, the changes of loss allowance at an amount equal to 12-month and lifetime expected credit losses are measured for financial assets. The exposure of stage 3 amounts to € 70,194,000 (in 2020 € 76,454,000), which entails an exposure fully guaranteed by Mizuho Group, hence the credit risk is fully transferred. The total ECL allocated to Stage 3 is € 66,000 (in 2020 € 119,000).

Per year end, the total ECL amounts to € 1,472,000. In 2020, the estimated ECL last year was € 3,067,000. The difference between this year's ECL and last year's ECL has been taken into the profit and loss account (refer to note 32).

The ECL and exposure per stage is disclosed as follows:

		31/12/2021		31/12/2020	
(in €'000)	**Maximum credit risk**	**ECL**	**Maximum credit risk**	**ECL**	**Change ECL**
Stage 1	5,840,664	418	5,528,857	2,147	(1,729)
Stage 2	279,695	988	159,697	801	187
Stage 3	70,194	66	76,454	119	(53)
Total	6,190,553	1,472	5,765,008	3,067	(1,595)

The overall credit risk and ECL is low. The ECL reduced compared to the previous year because of credit risk developments and credit risk characteristics of exposures:

- Covid-19 pandemic resulted in less impact on the economy and corporate performance and improved credit risk projections than expected in 2020.
- The Stage 3 exposure is fully guaranteed via intragroup credit protection by a Mizuho branch.

The table below provides an overview of ECL and maximum credit risk per category per year end 2021.

ECL (in €'000)	**Bank placement**	**Debt securities**	**Overdrafts**	**Loans**	**Contingent liabilities**	**Commitments**	**Total**
Stage 1	4	4	2	281	38	89	418
Stage 2				986	1	1	988
Stage 3				66			66
Total	4	4	2	1,333	39	90	1,472

Maximum credit risk (in €'000)	**Bank placement**	**Debt securities**	**Overdrafts**	**Loans**	**Contingent liabilities**	**Commitments**	**Total**
Stage 1	1,471,590	381,458	17,816	2,717,372	414,332	838,096	5,840,664
Stage 2				276,097	2,236	1,362	279,695
Stage 3				70,194			70,194
Total	1,471,590	381,458	17,816	3,063,663	416,568	839,458	6,190,553

MBE takes into account the effect of collateral and other credit enhancements and significant changes thereof in the calculation of ECL. The type, nature and quality of the collateral or other credit enhancements are regularly assessed.

In accordance with MBE policy, assumptions and parameters of the IFRS 9 ECL model are regularly reviewed and discussed in the monthly Portfolio Management Committee. The Covid-19 disruption is assessed to be sufficiently captured in assumptions and parameters. The macroeconomic variables are regularly updated .

Several research studies and economic forecasts indicated that the pace of recovery after the Covid-19 outbreak differs per industries and countries. MBE performed a deep portfolio assessment, taking into account the exposure allocation per industry and country, looking for potential vulnerabilities that could trigger additional impairments. From a qualitative standpoint, the outcome of the analysis reinforces the comfort level with the ECL amount as the best estimate of impairment losses as per year end 2021.

5.9.5.3 Forbearance

MBE has in place a policy for monitoring its forbearance portfolio. Forborne exposures are exposures of which forbearance measures have been granted. Forbearance measures consist of following concessions towards a debtor facing or about to face difficulties in meeting its financial commitments that may or may not lead to a loss as the bank:

- A modification of the previous terms and conditions of a contract the debtor is considered unable to comply with due to its financial difficulties ("troubled debt") to allow for sufficient debt service ability, that would not have been granted had the debtor not been in financial difficulties;

- A total or partial refinancing of a troubled debt contract, which would not have been granted had the debtor not been in financial difficulties.

The rationale for the focus on this part of the portfolio derives from the concerns of the European supervisory authorities about the deterioration of the quality of the portfolio; it is feared that forbearance measures might camouflage this deterioration of the portfolio, as debtors are able to meet their financial obligations for longer periods owing to the concessions.

At year-end 2021, no forbearance measures have been granted.

5.9.6 Concentration Risk

Asset concentrations are reported per sector and per geographical region for the balances with central banks, loans and advances to banks, loans and advances to customers, debt securities, contingent liabilities and commitments.

The largest credit concentration by industry sector was sovereign and supranational, which amounted to € 1,806,577,000 or 30% of the credit portfolio, followed by utilities of € 463,620,000 (8%) and chemicals of € 385,261,000 (6%). This compares with the largest sector concentration of sovereign and supranational of € 1,683,875,000 (29%) followed by banks and other financials of € 508,236,000 (9%) and utilities of € 378,707.000 (7%) last year.

The largest sector of credit concentration remained the same from the previous year due to large placing at the DNB account and holdings of Dutch government bonds for liquidity purposes. MBE sets guideline levels for maximum concentrations in individual sectors and monitors this in the Portfolio Management Committee on a monthly basis. MBE also monitors concentration risk based on the Prudential Regulation Authority's methodology.

(in €'000)	31/12/2021	31/12/2020
Sovereign & Supranational	1,806,577	1,683,875
Utilities	462,273	377,186
Banks & Other Financials	428,746	508,096
Telecommunications	407,135	258,445
Chemicals	376,903	214,271
Electrical Equipments	305,863	193,473
Leasing	290,825	279,281
Energy	284,592	244,026
Food & Drinks	274,208	261,924
Trading & Wholesale	228,244	103,535
Pharmaceutical	170,548	38,979
Other Materials	158,862	146,449
Automotives	149,603	274,196
Professional & Business Services	133,550	75,182
Steel & Metals	122,560	138,569
Rail & Road Transport	93,084	189,557
Machinery & Precision Machinery	87,981	337,613
Medical Equipment	80,360	81,630
Home Electronics	77,949	76,903
Transport Equipments	70,197	108,906
Other Manufacturing	65,752	52,326
Construction	52,480	60,476
Consumer Finance	21,762	17,048
Consumer Products & Services	21,091	16,636
Textiles	16,000	2,600
Healthcare	3,400	1,721
Information Services	8	13
	6,190,553	5,742,917

In accordance with MBE's strategy, the majority of the credit risk is from the Benelux, Iberian, and Central and Eastern European regions. The geographical breakdown is based on client locations. The specification of the credit exposure per geographical region is as follows:

(in €'000)	31/12/2021	31/12/2020
The Netherlands	2,405,001	2,317,380
EU (excluding the Netherlands)	2,893,979	2,856,356
Rest of Europe	252,777	59,801
North America	157,948	218,758
Japan	354,920	180,402
Other	125,929	110,221
	6,190,553	5,742,917

5.9.7 Investments

MBE held no investments as per year-end 2021.

5.9.8 Operational Risk

MBE is exposed to certain types of operational risk. Operational risk is possible losses because of inadequate or defective internal processes and systems, insufficient or incorrect human actions, or external events and fraud. MBE calculates a solvency requirement for operational risk based on the Basic Indicator Approach (BIA) method.

MBE's policy on operational risk focuses on evaluating, monitoring and managing operational risk, including risks surrounding information security, data risk and business continuity.

To protect MBE against significant financial losses, we have taken out insurance policies offering coverage against claims and losses by virtue of its services. In summary, this concerns combined fraud and professional liability insurance, directors' and officers' liability insurance and various other liability insurance and accident insurance policies.

Key instruments to manage MBE's operational risk are risk self-assessments, risk committees, customer complaint procedures, security assessments, error tracking, control framework and an incident database.

5.9.9 Market Risk

Market risk constitutes MBE's least significant risk. Market risk is the risk of loss because of changes in market variables, including objective variables such as interest rates, exchange rates, and share prices. Furthermore, some variables are not directly observable, such as volatility and correlations.

Under Pillar 1 of Basel rules, MBE is exempt from calculating market risk capital requirements since its gross long positions and the sum of its gross short positions in all foreign currencies, do not exceed 100% of eligible capital and its overall net open position does not exceed 2% of its eligible capital.

MBE's policy on market risk is not to be exposed to material open positions in interest rate and foreign currency risks. In principle, we either match our lending and borrowing on an individual basis or enter into derivatives to hedge the interest rate and foreign currency risk on a one-by-one basis.

5.9.10 Interest Rate Risk

The notes to the financial statements include (remaining) contractual maturity calendars for most financial instruments. A large number of financial instruments carry a variable rate of interest. Therefore, the period between 31 December 2021 (or 31 December 2020) and the first interest reset date following such date, when interest conditions will reset to market conditions, is assessed to understand the interest rate risk inherent in these financial instruments.

Furthermore, MBE enters into interest rate derivative contracts to adjust the interest rate mismatch inherent in the on-balance financial instruments to the desired bandwidths.

In addition to interest rate risk of the financial products in the banking book, changes in discount rate following the interest rate movements impact MBE's defined benefit obligation.

Stress testing is performed for interest rate risk in the banking book. Stress losses are calculated under both parallel and non-parallel shifts in the yield curve:

- A 200 bp sudden downward rate shock would result in a positive impact on market value of equity of € 1,603 thousand (2020: € 3,367 thousand in absolute).

- A 200 bp sudden upward rate shock would result in a negative impact on market value of equity of €12,111 thousand (2020: € 11,517 thousand in absolute).

- The impact of a gradual downward rate movement by a 200 bp is assessed at € 694 thousand (2020: € 55 thousand in absolute) negative impact on net income.

- A gradual upward rate movement by a 200 bp would result in a positive impact on the net income of €5,786 thousand (2020 € 2,334 thousand in absolute).

The fluctuation of year-over-year results are mainly driven by the balance sheet and interest rate movements.

The following table provides a maturity calendar of interest-bearing financial instruments, including interest rate derivatives, by interest reset date as at 31 December 2021 and 31 December 2020 respectively:

(in €'000)						31/12/2021
	Variable	<= 3M	<= 1YR	<= 5 YR	=> 5 YR	Total
Assets						
Balances with central banks	1,410,164	-	-	-	-	1,410,164
	127,035	77,393	69,289	21,927	74,968	370,612
Loans and advances to banks	46,467	22,662	139,978	3,939	-	213,046
Loans and advances to customers	-	984,624	619,416	830,515	472,659	2,907,214
Debt securities	-	100,059	50,285	230,480	-	380,824
	1,456,631	1,107,345	809,679	1,064,934	472,659	4,911,248
Liabilities						
Banks	(83)	(589,464)	(125,000)	(722,830)	(22,368)	(1,459,745)
Funds entrusted	(1,517,598)	(978,701)	(437,037)	-	-	(2,933,336)
	(1,517,681)	(1,568,165)	(562,037)	(722,830)	(22,368)	(4,393,081)
Derivatives						
Swaps		34,971	111,747	254,607	22,000	423,325
		34,971	111,747	254,607	22,000	423,325
Net interest position	(61,050)	(495,792)	135,895	87,497	428,291	94,842

(in €'000)						31/12/2020
	Variable	<= 3M	<= 1YR	<= 5 YR	=> 5 YR	Total
Assets						
Balances with central banks	1,446,052	-	-	-	-	1,446,052
Loans and advances to banks	127,035	77,393	69,289	21,927	74,968	370,612
Loans and advances to customers	-	679,950	369,043	768,853	429,494	2,247,340
Debt securities	-	-	-	230,983	-	230,983
	1,573,087	757,343	438,332	1,021,763	504,462	4,294,987
Liabilities						
Banks	(1,734)	(539,001)	(253,733)	(325,000)	(2,376)	(1,121,844)
Funds entrusted	(1,272,786)	(1,110,286)	(268,703)	-	-	(2,651,775)
	(1,274,520)	(1,649,287)	(522,436)	(325,000)	(2,376)	(3,773,619)
Derivatives						
Swaps		(15,215)	(77,203)	(298,073)	(20,500)	(410,991)
		(15,215)	(77,203)	(298,073)	(20,500)	(410,991)
Net interest position	298,567	(907,159)	(161,307)	398,690	481,586	110,377

5.9.11 Foreign Currency Risk

MBE's financial position and cash flows are affected by exchange rate fluctuations to a limited extent. Most of the positions in the statement of financial position and transactions are denominated in euros. MBE ensures that the exchange rate risk is managed effectively within the limits set. The foreign exchange positions are listed in the table below.

(in €'000)	31/12/2021				Open position
	Debit	Credit	Net	Derivatives	(absolute)
USD	4,050,761	(4,615,361)	(564,600)	564,048	(552)
JPY	557,389	(517,944)	39,445	(39,437)	8
GBP	199,172	(198,399)	773	(766)	7
Other	573,097	(493,057)	80,040	(79,327)	713
	5,380,419	(5,824,761)	(444,342)	444,518	176

(in €'000)	31/12/2020				Open position
	Debit	Credit	Net	Derivatives	(absolute)
USD	3,862,068	4,981,533	(1,119,465)	1,119,398	(67)
JPY	265,902	226,550	39,352	(39,321)	31
GBP	313,713	172,230	141,483	(141,504)	(21)
Other	645,519	494,238	151,281	(150,882)	399
	5,087,202	5,874,551	(787,349)	787,691	(342)

5.9.12 Liquidity Risk

Liquidity risk is the risk that an organization may not be able to fund increases in assets or meet obligations as they fall due, unless at an unreasonable cost. Therefore, liquidity risk is the risk that the bank will be unable to meet its payment obligations when it falls due under normal and stress circumstances.

MBE's liquidity policy can be best described as being conservative. The Internal Liquidity Adequacy Assessment Process (ILAAP), which is reported to the DNB every two years, combines the policy with the quantitative aspects of liquidity risk. The objective of MBE's liquidity risk management is thus to ensure the availability of sufficient cash flows to meet all financial commitments. Customer deposits and interbank funding (which is largely from the parent) are the primary sources of liquidity for our operations.

A conservative liquidity buffer is held to absorb severe stress circumstances of in and outflows of liquidity. Stress scenarios take into account idiosyncratic, market, and market and idiosyncratic stresses. There is a continuous evaluation of the adequacy of this liquidity buffer, as well as on the available liquidity contingency measures.

The following table indicates the remaining maturity (first roll-over/repricing date or redemption date) of financial instruments as of 31 December 2021 and 31 December 2020 respectively.

(in €'000)						31/12/2021
	On demand	<= 3M	<= 1YR	<= 5 YR	=> 5 YR	Total
Assets						
Balances with central banks	1,410,164	-	-	-	-	1,410,164
	127,035	77,393	69,289	21,927	74,968	370,612
Loans and advances to banks	46,467	22,662	139,978	3,939	-	213,046
Loans and advances to customers	-	984,624	619,416	830,515	472,659	2,907,214
Debt securities	-	100,059	50,285	230,480	-	380,824
	1,456,631	1,107,345	809,679	1,064,934	472,659	4,911,248
Liabilities						
Banks	(83)	(589,464)	(125,000)	(722,830)	(22,368)	(1,459,745)
Funds entrusted	(1,517,598)	(978,701)	(437,037)	-	-	(2,933,336)
	(1,517,681)	(1,568,165)	(562,037)	(722,830)	(22,368)	(4,393,081)
Derivatives						
Swaps						
Inflows	-	284,440	278,251	103,351	-	666,042
Outflows	-	(286,449)	(279,323)	(104,497)	-	(670,269)
FX						
Inflows	-	1,672,514	489,359	437,005	-	2,598,878
Outflows	-	(1,672,378)	(489,145)	(436,814)	-	(2,598,337)
Net position	(61,050)	(462,693)	246,784	341,148	450,291	514,480

(in €'000)						31/12/2020
	On demand	<= 3M	<= 1YR	<= 5 YR	=> 5 YR	Total
Assets						
Balances with central banks	1,446,052	-	-	-	-	1,446,052
Loans and advances to banks	127,035	77,393	69,289	21,927	74,968	370,612
Loans and advances to customers	-	679,837	369,043	768,853	429,494	2,247,340
Debt securities	-	-	-	230,983	-	230,983
	1,573,087	757,343	438,332	1,021,763	504,462	4,294,987
Liabilities						
Banks	(1,734)	(539,001)	(253,733)	(325,000)	(2,376)	(1,121,844)
Funds entrusted	(1,272,786)	(1,110,286)	(268,703)	-	-	(2,651,775)
	(1,274,520)	(1,649,287)	(522,436)	(325,000)	(2,376)	(3,773,619)
Derivatives						
Swaps						
Inflows	-	270,640	50,442	83,609	-	401,959
Outflows	-	(271,344)	(53,128)	(83,609)	-	(408,081)
FX						
Inflows	-	1,746,494	781,014	391,978	-	2,919,486
Outflows	-	(1,746,494)	(781,014)	(391,978)	-	(2,919,486)
Net position	298,567	(892,648)	(86,790)	696,763	502,086	515,246

5.9.13 Compliance and Legal Risk

Legal risk arises from uncertainties about the legal enforceability of the obligations of the bank's customers and counterparties (including those with respect to derivatives), as well as the possibility that legal or regulatory changes may adversely affect the bank's position. MBE employs one legal counsel, five compliance officers and one information security officer who are trained in timely observing, addressing and repressing legal and compliance risks. A component thereof is the protection of the reputation of the bank. To minimize legal risks the bank uses standard legal agreements for financial products as much as possible and, when necessary, consults external legal expertise.

The scope and nature of compliance within the financial industry have evolved and are no longer limited to rules-based banking regulations. Given the changes in the compliance and regulatory landscape and the resulting long-term impact on banks, MBE has standardized various compliance rules, set up policies and procedures, adopted lean principles and provides training for employees on a regular basis to improve awareness and knowledge. Furthermore, various mitigating measures were taken to minimize the risks due to international sanction.

5.10 Appropriation of result

Appropriation of result for the financial year 2020

The appropriation of the net result of 2020 is in accordance with the shareholder's decision of 23 March 2021 included in the other reserves.

Proposed appropriation of result for the financial year 2021

The net profit for the year ended 31 December 2021 amounted to € 23,901,000 and is awaiting the discussion of the General Meeting of Shareholders. The Management Board proposes to add the net profit for the year to the other reserves. This proposal has not been recorded in the financial statements.

The proposal of the profit distribution is as follows:

(in €'000)	2021	2020
Available profit	23,901	22,820
Less: dividend	-	-
Transfer to other reserves	23,901	22,820

5.11 Post balance sheet events

With the Russian-Ukraine crisis escalating rapidly, having profound impact on individuals and the society at large, the Management Board is fully realizing that this new unprecedented event will also cause an impact on the financial markets, MBE, customers, staff, operations and risk management. The Management Board also understands that the complexity of all the different sanctions will significantly impact the compliance functions of MBE and the risks associated with that. Therefore, the Management Board needs to ensure there is sufficient capacity and attention to manage the Russian-Ukraine crisis and navigate through the regulatory framework that exists and is applicable to MBE.

Furthermore, MBE has started a risk impact assessment and set up a contingency team as a preliminary measure to ensure business continuity and to mitigate a possible negative impact from this crisis. MBE has identified its indirect exposures to the industries that are risk-sensitive to this crisis and closely monitors its risk profile changes. The Management Board and the Risk Management department are aware of the current situation and are actively monitoring the daily developments of this geopolitical crisis. Where and when needed appropriate actions are taken. In addition to the above MBE closely monitors its liquidity status to ensure an ample liquidity buffer is in place to mitigate any possible liquidity stress from the market.

Amsterdam, 29 March 2021

Supervisory Board of Directors

Shinsuke Toda
Peter de Ruijter
Kevin O'Rourke
Gabriella Kindert

Management Board

Shinsuke Kajiwara
Eiji Katayama
Jens Pöhland

6. Other Information

6.1 Statutory rules concerning appropriation of the result

In accordance with article 17 of the Articles of Association the profit for the year will be at the disposal of the shareholder by the General Meeting of Shareholders. Profit can only be distributed to the shareholder for as far as the total shareholder's equity exceeds the issued and paid-up share capital and non-distributable reserves.

7. Independent Auditor's Report

Report on the audit of the financial statements 2021 included in the Annual Report

Our opinion

We have audited the financial statements 2021 of Mizuho Bank Europe N.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Mizuho Bank Europe N.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The balance sheet as at 31 December 2021.
2. The profit and loss account for 2021.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Mizuho Bank Europe N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Mizuho Bank Europe N.V. performs corporate banking activities, including leading and participating in syndicates and dealing in bonds and other financial instruments. The company is a fully licensed bank in the Netherlands and has branch offices in Belgium, Austria and Spain. We paid specific attention in our audit to a number of areas driven by the operations of the company and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€ 2.600.000
Benchmark applied	0.5% of shareholder's equity
Explanation	Based on our professional judgment, a benchmark of 0.5% of shareholder's equity is an appropriate quantitative indicator of materiality as it best reflects the financial position of the company.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 130.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a client in the banking industry. We included specialists in the areas of IT audit, forensics, and income tax and have made use of our own experts in the areas of credit risk modelling, valuation of derivative and financial investments, actuarial calculations and regulatory reporting.

Our focus on fraud and non-compliance with laws and regulations.

Our Responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct and whistle blower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. For the risk related to management override of controls we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates. We have performed procedures to identify and address high-risk journal entries.

We identified the following fraud risks and performed the following specific procedures:

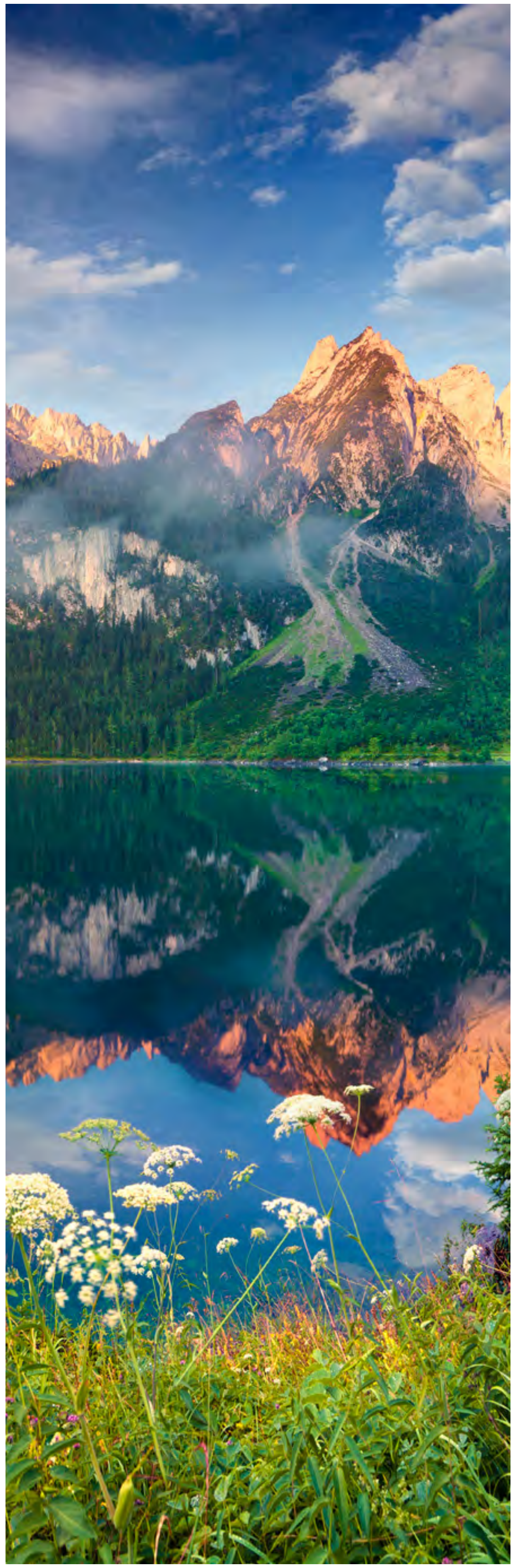
Presumed risks on revenue recognition

Fraud risk	When identifying and assessing fraud risks we presume that there is a risk of fraud in revenue recognition. We evaluated that commission income in particular gives rise to such risks. These revenues are disclosed in note 29 to the financial statements.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter 'Completeness of commission income'.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal & compliance and human resources) and the supervisory board.

The fraud risk we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements

Our audit response related to risks of non-compliance with laws and regulations



We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether the company has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether the company implemented remediation plans. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section 'Going concern' in Note 1 to the financial statements, the management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our 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. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

Estimation of impairment allowance for loans and advances to customers

Risk	Mizuho Bank Europe N.V. ('MBE') provides loans to corporate clients with a focus on the European and Japanese markets. MBE applies the expected credit loss method of IFRS 9 'Financial Instruments' as allowed in Dutch accounting standards to assess credit risk on these loans. At 31 December 2021, the gross balance of loans and advances to customers of MBE amounts to EUR 2.930 million; the allowance for expected credit losses of EUR 1.3 million is deducted from the gross loan balance. The impairment allowance and credit risk have been disclosed in notes 2g, 5.6.7 and 5.9.5 to the financial statements. The expected credit losses are calculated based on risk staging of loans and using assumptions such as the probability of default, the loss given default, macro- economic scenarios and other forward-looking information. The determination of impairment allowances is a key area of judgment for management and is subject to inherent estimation uncertainty. Given the materiality of the loans and advances to customers of MBE, the complex accounting requirements with respect to calculating allowances for expected credit losses and the subjectivity involved in the judgments made, we considered this to be a key audit matter
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of MBE's accounting policies related to expected credit losses according to IFRS 9. We also obtained an understanding of the impairment allowance process. We evaluated the design and implementation of internal controls relevant to the lending, credit risk management and impairment allowance processes. With the support of our internal modelling specialists, we assessed the appropriateness of the models used by MBE for collectively determined impairment allowances and verified whether the model was adequately designed and implemented. We performed substantive procedures, including the reconciliation of the data used in the allowance calculations and disclosures to source systems. We made an overall assessment of the provision levels by risk stage to determine if they were reasonable considering the risk profile of the loan and advances to customers, arrears management and credit risk management practices such as guarantees and pledge agreements. We challenged the criteria used to allocate loans to risk stage 1, 2 or 3 in accordance with IFRS 9 and tested a sample of loans on appropriate stage allocation. We also assessed the impairment allowance on stage 3 exposures which are calculated individually. Furthermore, we challenged the release of management overlays applied related to the impact of Covid-19. In addition, we performed retrospective testing procedures by comparing modelled predictions to actual results. Finally, we evaluated the adequacy of the related disclosures, as included in notes 2g, 5.6.7 and 5.9.5 to the financial statements. In particular we evaluated that disclosures are sufficiently detailed and indicate the degree of estimation uncertainty
Key observations	Based on our procedures performed we consider the estimation of and disclosures on the impairment allowances for loans and advances to customers to be reasonable and in compliance with the relevant accounting standards

Completeness and accuracy of commission income

Risk	MBE recognizes income from fees in respect of banking services supplied to third parties. Fees that are an integral part of the effective interest rate of a financial instrument are presented as interest income. Commission income includes fees which do not have the character of interest. Interest income has been disclosed in notes 4b and 5.7.26, and commission income has been disclosed in notes 4c and 5.7.28 to the financial statements. Furthermore, note 2b includes the disclosure on the changes in accounting related to interest income and commission income. The completeness and accuracy of revenue recognition is considered a key audit matter due to the pervasive impact on the bank's financial statements. Due to the nature of commission income, we focused our attention on this revenue stream
Our audit approach	Our audit procedures included obtaining an understanding of the different sources of income as part of our planning and risk assessment procedures. We obtained an understanding of the accounting policies on the recognition of fees as interest income or commission income. We have tested the design and implementation of the controls on the lending processes that generate fee incomes. As part of our substantive audit procedures, we have performed analytical procedures and detailed testing on the fees. For a sample of transactions, we traced and agreed the recorded commission income to underlying source documentation. We performed tests of details by recalculating the revenues based upon the contractual details. We verified correct recognition of interest income or commission income, including cut-off. Furthermore, we verified the accuracy of the changes in accounting relating to interest income and commission income. With the support of transfer pricing specialists, we determined that the revenue recognized on related party transactions is generated in the normal course of business and at an arm's length basis. Finally, we evaluated the adequacy of the related disclosures, including the disclosure on the prior year adjustments
Key observations	Based on our procedures performed we consider the commission income to be reasonable and in compliance with the relevant accounting standards

Reliability and continuity of IT environment

Risk	The activities and financial reporting of MBE are highly dependent on the reliability and continuity of the IT environment. Effective general IT controls with respect to change management, logical access, and operations, support the integrity and continuity of the IT systems as well as the operating effectiveness of the automated controls. Appropriate IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Such controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. The IT environment of MBE is characterized by high level of outsourcing to other Mizuho Group entities. As described in section 3.5.3 of the report of the board of managing directors, IT, outsourcing and data management have the attention of management and those charged with governance. As appropriate control on the IT environment, including outsourced services, is fundamental to financial reporting, we consider reliability and continuity of the IT environment to be a key audit matter
Our audit approach	Our audit procedures included obtaining an understanding of the IT environment, outsourced services and cyber security as part of our planning and risk assessment procedures. We evaluated the design and tested operating effectiveness of IT general controls over the applications, operating systems and databases that are relevant to financial reporting. We included IT auditors in our audit team to assess the IT applications managed at MBE and at other Mizuho Group entities. We tested user access by assessing the controls in place for in-scope applications, in particular those pertaining to the addition and periodic recertification of user access. We tested change management controls in relation to amendments to applications, and assessed IT application controls and data interface controls. Where control deficiencies were identified, we tested remediation activities performed by management and compensating controls in place and assessed what additional testing procedures were necessary to mitigate any residual risk
Key observations	Our testing of the general IT controls and the substantive tests performed, provided sufficient evidence to enable us to rely on the adequate and continued operation of the IT systems relevant for our audit of the financial statements

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements

Contains the information as required by Part 9 of Book 2 for the report of the board of managing directors and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the board of managing directors in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of Mizuho Bank Europe N.V. on 12 February 2021, as of the audit for the year 2021.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

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

In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 29 March 2022

Ernst & Young Accountants LLP

P.J.A.J. Nijssen