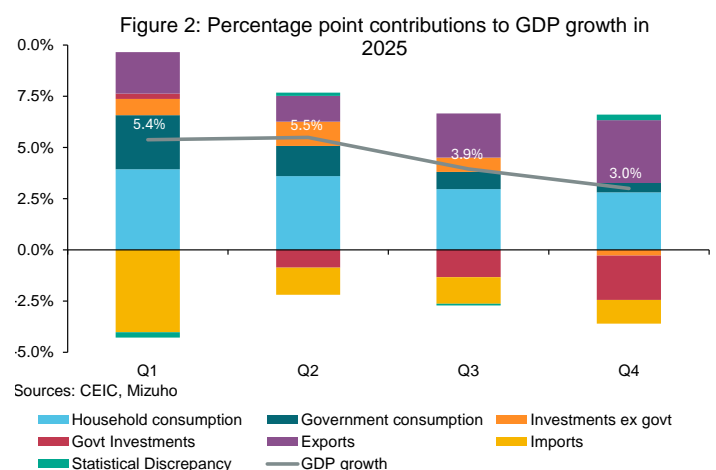
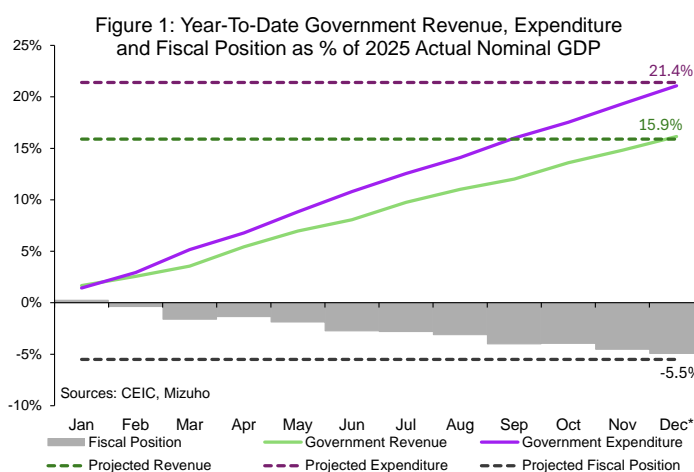


Philippines' Challenged Fiscal Consolidation

In a nutshell:

- Philippines' **2025 fiscal deficit** expected to narrow to 5.0% of GDP, below the official estimate of 5.5% of GDP. This reflects a mechanical effect of sharp spending contraction following the flood project scandal which had a larger impact on the deficit than on GDP.
- For **Budget 2026**, we expect some fiscal slippage resulting in a wider deficit of 5.5% of GDP which is above the official 5.3% target. This stems from better-than-expected revenue outturn being more than offset by likely overshoot in expenditure growth.
- On **revenue**, collection growth hinges on one-off privatisation efforts, signalling difficulties in raising revenues. That said, we expect some revenue upside on account of rather conservative official estimates of non-tax and privatisation revenue as well as the digital services tax.
- Higher **expenditure** in 2026 is mainly driven by higher allocations to Local Government Units to decentralise public service delivery. Department spending, the other major driver of government expenditure, remains flat amid post-scandal reallocation away from the Department of Public Works and Highways.
- Nonetheless, spending is likely to surpass initial projections given historical trend and the need for accelerated spending due to delays in 2025.
- Against this backdrop, a steeper yield curve is par for the course with BSP likely to cut rates given anaemic growth. That said, at the long end, considering the narrower deficit in 2025 and still cautious spending on projects in early 2026, upside pressures on yields may remain rather modest.
- In short, fiscal consolidation is possible but fraught with challenges.
- For the PHP, **near-term depreciation risks** may stem from political instability should the flood control be deemed as inadequately addressed. For now, impeachment of President Marcos remains a rather remote tail risk. Meanwhile, the inability to embark on fiscal consolidation remain a key medium-term risk.

FY2025: Fiscal Consolidation at a Cost



- We expect Philippines' **2025 budget deficit to narrow to about 5% of GDP**, undershooting government's estimate of 5.5%. While revenue collections have remained largely in line with projections, expenditure is likely to come in lower than projected, reaching 19.3% of GDP as of November 2025 and will likely fall short of the projected 21.4% of GDP for the full year.
- This is largely due to a sharp pullback in government spending following the corruption scandal, with government

infrastructure expenditure declining by 17% in 2025. As a result, the fiscal deficit is expected to improve by 0.5% overall (lower-than-expected expenditure contributes 0.6% of GDP of improvement in fiscal deficit, offset by 0.1% of GDP worsening from lower actual nominal GDP in 2025).

- The step down in public infrastructure spending has weighed on economic activity, dragging Q3 and Q4 GDP growth down by 1.3%-pt and 2.2%-pt respectively, to 3.9% and 3.0% YoY.
- This represents a significant slowdown from the 5-6% growth rates registered over the past two years.
- In this context, the improvement in its short-term fiscal outlook is not definitively beneficial for Philippines' economy even though the potential improved governance is undoubtedly a positive.
- The pullback in public investment has dragged growth below trend, with potential spillovers to its medium-term growth outlook and revenue collections.

FY2026: Reallocation Not a Remedy

- For Budget 2026, President Marcos Jr signed it into law on 5 January 2026, characterising it as People-Oriented amid a backdrop of softening GDP growth following the flood control corruption scandal that happened in July 2025. The Budget is indeed rather people focused given reallocations to the education and healthcare sector.
- For 2026, we expect Philippines' fiscal position to worsen slightly to 5.5%, which is higher than the official target of 5.3%, as higher than projected expenditure offset better than estimated non-tax revenues.

Figure 3: Philippines' Actual and Projected Fiscal Position (FY2024 – 2026)

In Billion Pesos	2024	2025				2026			
	Actual	Program	% YoY	Mizuho	% YoY	Projected	% YoY	Mizuho	% YoY
[A] Govt Revenue	4,419.0	4,520.4	2.3%	4,526.4	2.4%	4,983.5	10.2%	5,100.7	12.7%
Tax Revenue	3,800.7	4,213.9	10.9%	4,219.5	11.0%	4,633.4	10.0%	4,679.7	10.9%
Non-tax Revenue	615.0	301.5	-51.0%	301.9	-50.9%	249.1	-17.4%	320.0	6.0%
Privatisation	3.3	5	51.5%	5	51.5%	101.0	1920.0%	101.0	1920.0%
[B] Govt Expenditure	5,925.3	6,082.1	2.6%	5,904.9	-0.3%	6,630.0	9.0%	6,743.4	14.2%
Current Operating Expenditure	4,330.2	4,468.9	3.2%	4,338.1	0.2%	5,020.7	12.3%	5,070.9	16.9%
Capital Outlays	1,588.2	1,584.5	-0.2%	1,538.1	-3.2%	1,580.6	-0.2%	1,643.8	6.9%
Net Lending	6.9	28.7	315.9%	28.7	315.9%	28.7	0.0%	28.7	0.0%
[A] - [B] Fiscal Balance	(1,506.3)	(1,561.7)		(1,378.5)		(1,646.5)		(1,642.7)	
% GDP	-5.7%	-5.5%		-4.9%		-5.3%		-5.5%	
Expenditure obligations	6,273.1	6,326.3	0.8%			6,793.2	7.4%		

Source: Philippines Department of Budget and Management (DBM), CEIC, Mizuho

Revenues: Temporary Boost, Digital and Gaming Upside

Figure 4: Sources of Government Revenue (FY2022 - 2026)

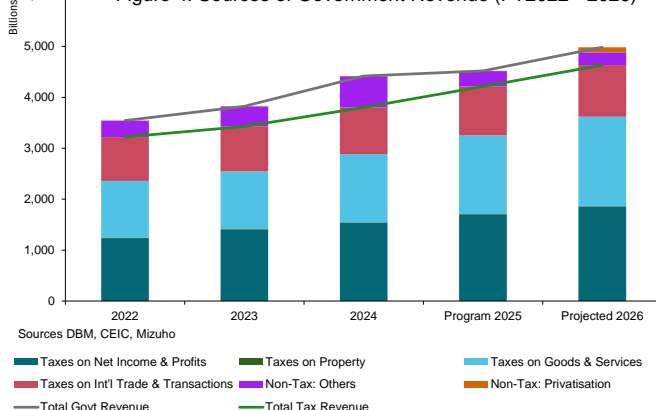
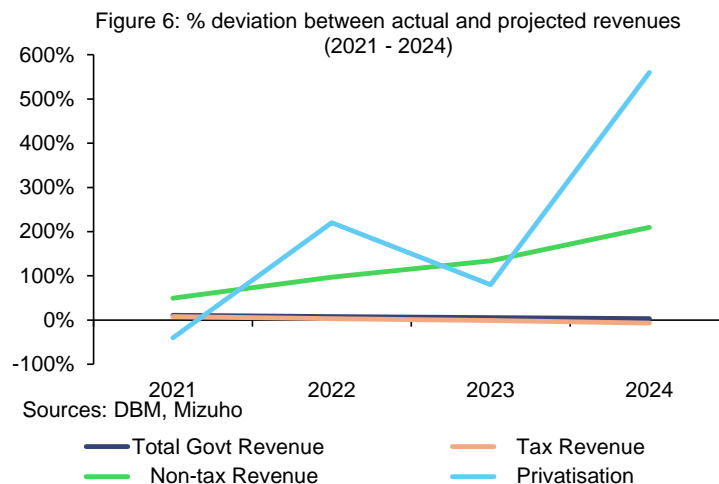


Figure 5: Sources of Revenue as % GDP (FY2022 - 2026)

In Billion Pesos	2022	2023	2024	Program 2025	Projected 2026
Revenues	3,545.5	3,824.1	4,419.0	4,520.4	4,983.4
<i>Percent GDP</i>	<i>16.1%</i>	<i>15.7%</i>	<i>16.7%</i>	<i>15.9%</i>	<i>16.2%</i>
Tax Revenues	3,220.3	3,429.3	3,800.7	4,213.9	4,633.4
<i>Percent GDP</i>	<i>14.6%</i>	<i>14.1%</i>	<i>14.4%</i>	<i>14.9%</i>	<i>15.0%</i>
Non-Tax Revenues	323.5	393.9	615.0	301.5	249.1
<i>Percent GDP</i>	<i>1.5%</i>	<i>1.6%</i>	<i>2.3%</i>	<i>1.1%</i>	<i>0.8%</i>
Privatisation	1.6	0.9	3.3	5.0	101.0
<i>Percent GDP</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.3%</i>

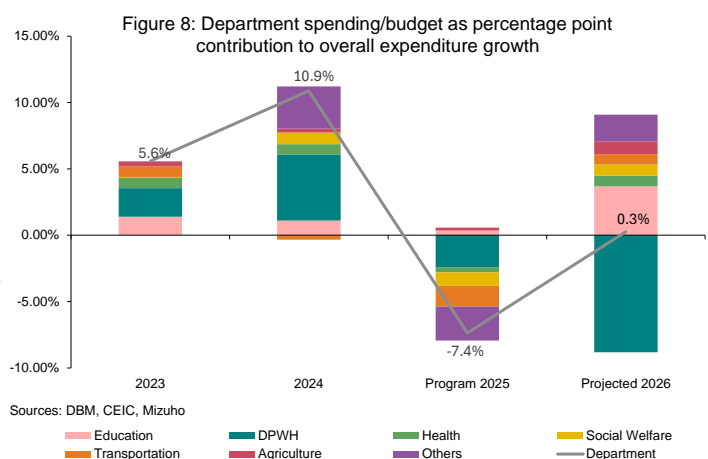
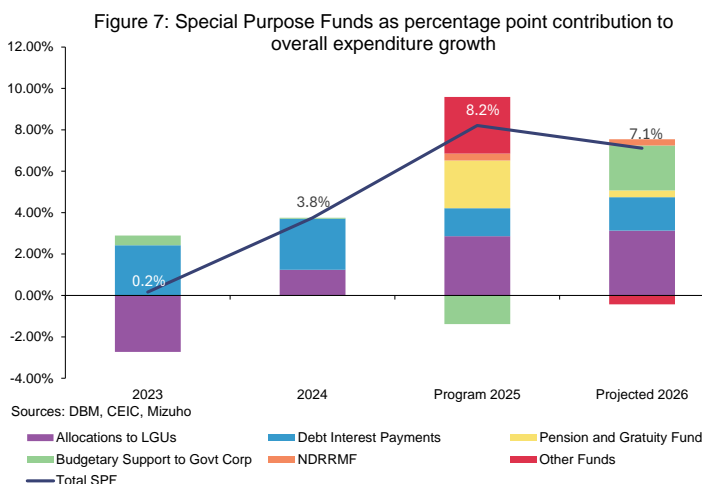
Source: DBM, figures may not add up due to rounding

- Total revenue as share of GDP is expected to rise from 15.9% to 16.2%. Tax revenues are projected to keep pace with nominal GDP, contributing a modest 0.2%-pt to the ratio while the lower non-tax revenue (-0.3%-pt) is offset by higher revenue from privatisation (+0.3%-pt). The projected 0.3% of GDP boost to revenue comes from government's planning privatisation of three real estate assets.
- Excluding this one-off, **fiscal consolidation would be limited** as revenue-to-GDP ratio would slip to 15.9% which is unchanged from 2025, **reflecting the authorities' difficulties in improving collections**.
- We anticipate a stronger revenue outturn for FY2026, largely because non-tax and privatisation revenues tend to exceed budget assumptions. The government usually takes a conservative approach when estimating non-tax income that includes fees, dividends and other receipts, such as gaming related revenues, presenting a meaningful upside risk to revenues.
- Furthermore, **digital services tax collection** rolled out in H2 2025 could also pose further upside surprise to revenues. However, our projected overshoot will likely be more subdued compared to previous years, as the Philippine Amusement and Gaming Corporation (PAGCOR) that contributes part of its income to the government, has seen decline in its revenue following the ban on offshore gaming in 2025.



Expenditure: Near- and Long-Term Needs

- On the expenditure side, obligations are expected to grow 7.4% YoY, driven mainly by allocations to Special Purpose Funds (SPF), which contributed 7.1%-pt while department budget contributed a modest 0.3%-pt.



Special Purpose Funds

- For SPF, contribution to expenditure growth is mainly driven by Allocations to Local Government Units (LGUs) (+3.1%-pt) and Budgetary Support to Government Corporations (BSGC)¹ (+2.2%-pt).
- The higher budget allocation for LGUs is potentially constructive as the decentralisation of public service delivery can improve governance and better meet local needs. Complemented with strong oversight, it can reduce leakages and improve the multiplier effects of government spending over time.
- The allocation to the National Disaster Risk Reduction and Management Fund (NDRRMF) also contributed 0.3%-pt of expenditure growth, to fund aid, relief and rehabilitation for disaster-affected communities.

Department Spending

- Within departmental spending, there is a continued cut to the budget of the DPWH², with its budget declining 51.2% YoY to ₱530.9 billion, a drag of 8.8%-pt to expenditure growth.
 - The reduction in DPWH's budget was reallocated to other agencies to fund priority programmes, and this is reflected in the following departments' contributions to expenditure growth: Education³ (+3.7%-pt), Agriculture⁴ (+1%-pt), Social Welfare and Development, Transport and Health (each +0.8%-pt).
 - The reallocation of spending from DPWH towards social and sectoral departments will provide much needed support for more inclusive development.
 - In the longer term, **disaster-related risks will still need to be adequately addressed** via government investments in infrastructure and confidence restored via an improved procurement and governance process, even as aid relief will be required via the higher allocation to the NDRRMF.
- On balance, considering historical trend of overshooting expenditure and the potential for catchup spending following the delays in 2025, a faster pace of disbursements is very likely. That said, this is likely a modest overshoot of around 2%, given the substantial reduction of 59% in unprogrammed appropriations to ₱150.9bn which limits the scope for executive discretionary spending.

¹ The higher BSGC budget is largely driven by an increased allocation of budget to PhilHealth (+₱130bn). Part of the increase is due to a restoration of ₱60bn following a Supreme Court's ruling that deemed the earlier transfer of these funds to the National Treasury to support unprogrammed appropriations in 2024 as unconstitutional. The remaining increase is to fund the expansion of PhilHealth's coverage and benefits, with the aim of making quality healthcare more accessible for all.

² DPWH's budget did not include any provision for new locally funded flood projects, but there is budget for continued maintenance of existing flood-related infrastructure and programmes.

³ For Education, the budget supports the creation of over 60k teaching and non-teaching positions in public schools to increase the quality of teaching and the expansion of funding for the School-Based Feeding Program and Basic Education Facilities Program

⁴ For Agriculture, the higher budget is directed towards investments in Farm-to-Market Roads to enhance rural infrastructure, improve market access and reduce transportation costs for farmers.

Figure 9: % deviation between actual and projected expenditure (2021 - 2024)

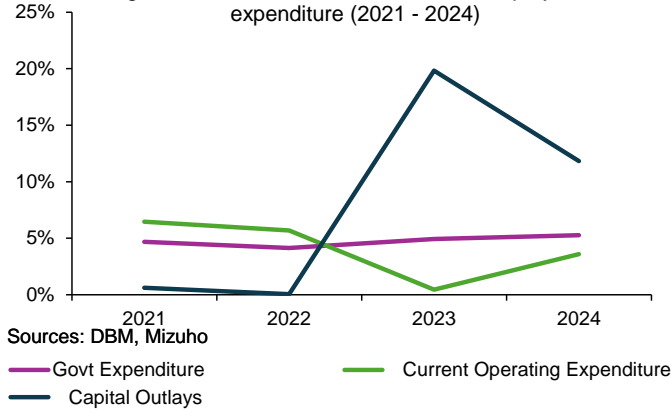
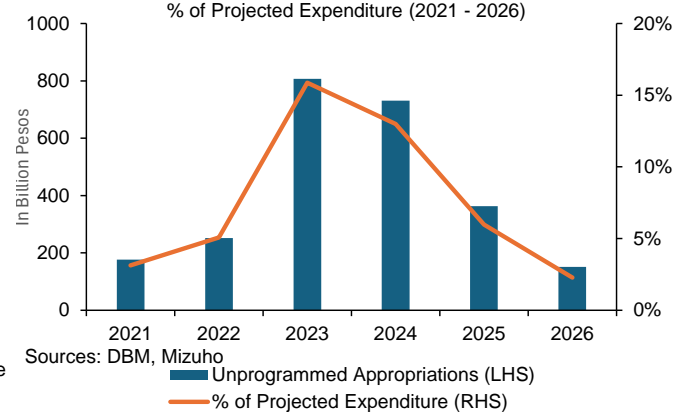


Figure 10: Approved Unprogrammed Appropriations, and as % of Projected Expenditure (2021 - 2026)



Deficit: Prior Relief & Optimistic Assumptions

- Overall, we expect the fiscal deficit to widen to 5.5% of GDP, above the official target of 5.3% due to higher expenditure only being partially mitigated by higher than projected revenues, and a 0.1%-pt increase stemming from our expectations for a more conservative nominal GDP forecast.
- We maintain a more conservative outlook for 2026 nominal GDP compared to official government targets. To be clear, this **caution is in part a statistical one** which is informed by base effects following two consecutive quarters of below-trend growth (H2 2025), with 2025 actual nominal GDP falling short of official estimates by 2.6%, resulting in a much higher bar to reach the official 2026 nominal GDP levels.
- Despite factoring a government investment spending rebound in Q2, our nominal GDP estimate will still fall 2.5% below the official forecast. The smaller nominal GDP adds 0.1%-pt to the fiscal deficit.
- On aggregate, even as some fiscal slippages are expected, the wider deficit in 2026 will be somewhat soothed by the restrain in 2025.
- That said, in the medium term, **collection efficacy and revenue measures will be closely watched** as the restrictive stance on DPWH is certainly not a remedy for wider fiscal consolidation. Governance improvements in expenditure spending will also be essential to shore up confidence in broader investment spending and reduce risks of further unrest given that protests over the corruption scandal have not eased.

Paths: Steeper Curve, Shaky PHP

- All in, a mild steepening of the yield curve remains the base case. Front end yields continue to face downside risks in H1 amid prospects of the BSP cutting rates to support growth to compensate for the lack of fiscal impulse.
- As fiscal spending is likely to resume towards mid-2026, long-end yields may face upside pressures in H2. Worries of lower potential growth entrenching itself may also engender the need for additional risk premium and buoy long end yields.
- As for the PHP, potential political instability from the handling of the flood control project scandal remains a key risk in the near term even though impeachment attempts on President Marcos are unlikely to be successful.
- In the medium term, continued fiscal slippage will worsen twin deficit woes to restrain the extent of PHP recovery even amid backdrop of softer USD.

MARKET COMMENTARY DISCLAIMER**THIS DOCUMENT IS NOT A RESEARCH REPORT AND IS NOT INTENDED AS SUCH.**

Unless stated otherwise in the country specific distribution information below, this document has not been prepared in accordance with legal requirements in any country or jurisdiction designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. It is intended for informational purposes only and does not purport to make any investment recommendations.

This document has been prepared solely for the information of the intended recipients. Recipients in any jurisdiction should contact your usual Mizuho contact in relation to any matters arising from, or in connection, with this document.

This document has been prepared by Mizuho Bank, Ltd., Singapore Branch ("**MBSG**"), a full bank, exempt capital markets services entity and exempt financial adviser regulated by the Monetary Authority of Singapore ("**MAS**"), Mizuho Bank, Ltd., Hong Kong Branch ("**MBHK**"), a licensed bank regulated by the Hong Kong Monetary Authority, with business address at 12/F, K11 Atelier, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong, Mizuho Bank, Ltd., Sydney Branch, an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority and holder of an Australian financial services licence ("**MBAU**"), Mizuho Securities Asia Limited ("**MHSA**"), licensed and regulated by the Hong Kong Securities and Futures Commission and/or Mizuho Securities (Singapore) Pte. Ltd. ("**MHSS**"), a holder of a capital markets services licence and an exempt financial adviser regulated by the MAS, as the case may be.

This does not constitute investment or personal advice.

This document has been prepared solely for the purpose of supplying general market information and/or commentary for general information purposes to clients of MBSG, MBHK, MBAU, MHSA, MHSS and their affiliates (collectively, "**Mizuho**") to whom it is distributed, and does not take into account the specific investment objectives, financial situation or particular needs of any client or class of clients and it is not prepared for any client or class of clients.

This is not an offer or solicitation.

This document is not and should not be construed as an offer to buy or sell or solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments.

Mizuho shall have no liability for contents.

This document has been prepared solely from publicly available information. Information contained herein and the data underlying it have been obtained from, or based upon, sources believed by Mizuho to be reliable, but no assurance can be given that the information, data or any computations based thereon are accurate or complete and Mizuho has not independently verified such information and data. Mizuho is not obliged to update any of the information and data contained in this document.

Mizuho makes no representation or warranty of any kind, express, implied or statutory, regarding, but not limited to, the accuracy of this document or the completeness of any information contained or referred to in this document. Mizuho accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) arising from or in connection with any person's use or reliance of this document or the information contained in this document.

Information contained herein is no indication of future performance.

Some of the statements contained in this document may be considered forward-looking statements which provide current expectations or forecasts of futures events. Any opinions, projections, forecasts and estimates expressed in the document are solely those of Mizuho based on factors it considers relevant as at the date of the document and are subject to change without notice. Past performance is not indicative of future performance. Consequently, no expressed or implied warranty can be made regarding the projections and forecasts of future performance stated therein.

This material is confidential.

This document is intended for the exclusive use by the recipients, and is provided with the express understanding that the information contained herein will be regarded and treated as strictly confidential. All recipients may not reproduce or use this document in whole or in part, for any other purpose, nor disclose, furnish nor distribute this document to any other persons without the prior written permission of Mizuho. Any such reproduction, use, delivery or distribution in form or to any jurisdiction may be effected only in accordance with all applicable laws and regulations in the relevant jurisdiction(s).

Disclosure regarding potential conflicts of interest.

Mizuho, its connected companies, employees or clients may at any time, to the extent permitted by applicable law and/or regulation, take the other side of any order by you, enter into transactions contrary to any recommendations contained herein or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto or perform or seek financial or advisory services for the issuers of those securities or financial instruments referred therein. Accordingly, Mizuho, its connected companies or employees may have a conflict of interest that could affect the objectivity of this document. This document has been prepared by employees who may interact with Mizuho's trading desks, sales and other related personnel when forming the views and contents contained within.

Financial instruments may not be for sale to all categories of investors.

There are risks associated with the financial instruments and transactions referred to in this document. Investors should not rely on any contents of this document in making any investment decisions and should consult their own financial, legal, accounting and tax advisors about the risks, the appropriate tools to analyse an investment and the suitability of an investment in their particular circumstances. Mizuho is not responsible for assessing the suitability of any investment. Investment decisions and the responsibility for any investments are the sole responsibility of the investor. Neither Mizuho nor of its directors, employees or agents accepts any liability whatsoever with respect to the use of this document or its contents.

WARNING: THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO SUCH CONTENTS. THIS DOCUMENT IS NOT INTENDED TO CONSTITUTE ANY INVESTMENT, LEGAL, FINANCIAL, BUSINESS, ACCOUNTING, TAXATION OR OTHER ADVICE. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK PROFESSIONAL ADVICE FROM YOUR RELEVANT ADVISERS ABOUT YOUR PARTICULAR CIRCUMSTANCES. YOU ARE RESPONSIBLE FOR YOUR OWN INVESTMENT CHOICES.

This document is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this document comes should inform themselves about and observe such restrictions.

COUNTRY SPECIFIC DISTRIBUTION INFORMATION

Australia: This document is intended only for persons who are sophisticated or professional investors for the purposes of section 708 of the *Corporation Act 2001* (Cth) of Australia ("**Corporations Act**"), or "wholesale clients" for the purpose of section 761G of the *Corporations Act*. It is not intended for and should not be passed on, directly or indirectly, to other classes of persons/investors in Australia. In Australia, Mizuho Bank, Ltd. Sydney Branch ("**MBSO**") is an authorised deposit-taking institution regulated by the Australian Prudential Regulation Authority in accordance with the *Banking Act 1959* (Cth), and holds an Australian financial services licence number 231240 (**AFSL**). Mizuho Securities Asia Limited (ABRN 603425912) and Mizuho Securities (Singapore) Pte. Ltd. (ARBN 132105545) are registered foreign companies in Australia and are each exempt from the requirement to hold an AFSL under the *ASIC Corporations (Repeal and Transitional) Instrument 2023/588*. MHSA is licensed by the Hong Kong Securities and Futures Commission under Hong Kong laws and MHSS is licensed by the Monetary Authority of Singapore under Singapore laws, which laws differ from Australian laws respectively.

Costa Rica: Nothing in this document constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. This document is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. In accordance with local laws, it does not constitute a public offering of securities under Regulations for Public Offering of Securities (National Counsel of Financial System Supervision, article 11 of Session Act 571-2006), and therefore cannot be understood and interpreted as an implicit or explicit offering that intends to place, issue, negotiate or trade securities transmitted by any means to the public or to certain groups. This document will not be disclosed to groups of more than 50 investors.

Guatemala: This document does not constitute an offering under the rules of the Ley del Mercado de Valores y Mercancías (Stock Exchange Act, Decree 34-96 of the Congress of the Republic of Guatemala), and any of its amendments, including without limitation, Decree 49-2008 of the Congress of the Republic of Guatemala, and its applicable regulation (Governmental Accord 557-97). The document will not be registered for public offering with the Securities Market Registry of Guatemala (Registro del Mercado de Valores y Mercancías), because the products will not be offered or sold: (1) to any person in an open market, directly or indirectly, by means of mass communication; (2) through a third party or intermediary to any individual person or entity that is considered an institutional investor, including entities that are under the supervision of the Guatemalan Superintendency of Banks (Superintendencia de Bancos), the Guatemalan banking regulator, the Guatemalan Social Security Institute (Instituto Guatemalteco de Seguridad Social) and its affiliates; (3) through a third party or intermediary to any entity or vehicle used for purposes of collective investment; or (4) to more than 35 individual persons or entities.

Hong Kong: This document, when distributed in Hong Kong ("HK"), is distributed by MHSA or MBHK, depending of the Mizuho entity which you are a client of.

Japan: This document is intended only for certain categories of persons to whom a foreign securities broker is allowed to carry out regulated activities under the relevant articles of the Financial Instruments and Exchange Act (the "Act") and the subordinate legislative instruments (as amended), including but not limited to Financial Services Providers who are engaged in an Investment Management and certain Financial Institutions subject to conditions and limitations in Article 17-3(i) of the Order for Enforcement of the Act. It is solely for the use of such investors and shall not be distributed, forwarded, passed on or disseminated to any other person. This document is solely for the purpose of supplying general information and shall not constitute any investment or financial advice in relation to any products or services.

Malaysia: These documents shall be distributed solely to existing subscribers or clients of Mizuho Securities, and do not constitute an invitation, offer, or recommendation to subscribe for or purchase any securities mentioned therein. These materials also do not, whether directly or indirectly, refer to a prospectus in respect of securities of a corporation; in the case of a unit trust scheme or prescribed investment scheme, a prospectus in respect of any unit of the unit trust scheme or prescribed investment scheme, as the case may be; an issue, intended issue, offer, intended offer, invitation or intended invitation in respect of securities; or another notice that refers to a prospectus in relation to an issue, intended issue, offer, intended offer, invitation or intended invitation in respect of securities. Whilst there may be statements concerning securities and/or derivatives of a certain corporation or entity in these materials, we wish to highlight that these do not constitute, whether directly or indirectly, any form of advice, recommendation, encouragement, promotion, analysis, report or inducement to take any action, i.e., to buy, sell, or hold any securities and/or derivatives, nor is it a form of inducement for the reader to take any position regarding a particular class, sector, or instrument in relation to the securities and/or derivatives so mentioned.

New Zealand: This document is intended only for persons who are "wholesale investors" and "wholesale clients" under the Financial Markets Conduct Act 2013 ("FMCA"), as persons who are an "investment business", meet relevant investment activity criteria, are "large" or are a "government agency", in each case within the meaning of clauses 37 to 40 of Schedule 1 of the FMCA. It is not intended for, and should not be reproduced or distributed in any form to any other person in New Zealand. This document is distributed in New Zealand by MHSA or MHSS, which are licensed in their respective jurisdictions but are not registered as overseas companies or financial service providers in New Zealand or licensed under the FMCA. Nothing in this document constitutes or is supplied in connection with a regulated offer nor an offer to the public within the meaning of the FMCA.

Singapore: This document is distributed in Singapore by MBSG or MHSS, a holder of a capital markets services licence and an exempt financial adviser regulated by the MAS. Nothing in this document shall be construed as a recommendation, advertisement or advice to transact in any investment product mentioned herein.

Where the materials may contain a recommendation or opinion concerning an investment product, MHSS is exempted from complying with sections 34, 36 and 45 of the Financial Advisers Act 2001 of Singapore. This document is only intended for distribution to "institutional investors", "accredited investors" or "expert investors", as defined under the Financial Advisers Regulations, and is solely for the use of such investors. It shall not be distributed, forwarded, passed or disseminated to any other person.

South Korea: This document is distributed in South Korea by Mizuho Securities Asia Limited, Seoul branch solely acting as a broker of debt securities under the Korea Financial Investment Services and Capital Markets Act.

Switzerland: This document is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any financial instrument or to adopt any investment strategy mentioned in this document. The information contained on this document shall not be construed to be an advertisement for any of the financial instruments or services mentioned herein.

Taiwan: This document distributed via MHSA or MHSS from outside Taiwan shall not be re-distributed within Taiwan and does not constitute recommendation of, and may not be used as a basis for recommendation of, securities within Taiwan. This document may not be distributed to the public media or used by the public media without prior written consent of MHSA or MHSS (as the case may be).

Thailand: This document does not constitute any investment or financial advice or any general advice in relation to any products or services and, when distributed in Thailand, is intended only for "institutional investors", as defined in the Notification of the Office of the Securities and Exchange Commission No. Gor Thor. 1/2560 Re: Provision of Advice to the Public which is not classified as the undertaking of Investment Advisory Business dated 12 January 2017 (as amended). It is solely for the use of such investors and shall not be distributed, forwarded, passed on or disseminated to any other person. The distribution of this document to such institutional investors in Thailand, is solely for the purpose of supplying general information, without charge. It neither constitutes any intention to conduct, or any engagement in any securities business, service business, investment or financial advisory business, or any other business in Thailand, for which Thai licensing is required, nor marketing, offering, solicitation or sale of any products, securities, or services to customers, potential customers or any person in Thailand.

United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market): This document is intended only for persons who qualify as professional investors as defined in the Securities and Commodities Authority ("SCA") Rulebook. It is not intended for or should not be passed on, directly or indirectly, to other classes of persons/investors in the United Arab Emirates. The contents of this document have not been reviewed or approved by, or deposited with, the Central Bank of the United Arab Emirates, SCA or any other regulatory authority in the United Arab Emirates. If you do not understand the contents of this document you should consult an authorised financial adviser.

United Kingdom / Germany / European Economic Area: This document is being distributed in the United Kingdom by Mizuho International plc ("MHI"), 30 Old Bailey, London EC4M 7AU. MHI is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange. This document may be distributed in the European Economic Area by MHI or Mizuho Securities Europe GmbH ("MHEU"), Taunustor 1, 60310 Frankfurt, Germany. MHEU is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin"). For the avoidance of doubt this report is not intended for persons who are Retail Clients within the meaning of the FCA's or the BaFin's rules. Details of organizational and administrative controls for the prevention and avoidance of conflicts of interest can be found at <https://www.mizuhoemea.com>.

United States: This document is being distributed in the United States by Mizuho Securities USA LLC ("MSUSA") and is the responsibility of MSUSA. The content of publications distributed directly to US customers by non-US members of Mizuho Securities is the responsibility of such member of Mizuho Securities which distributed it. US investors must affect any order for a security that is the subject of this document through MSUSA. For more information, or to place an order for a security, please contact your MSUSA representative by telephone at 1-212-209-9300 or by mail at 1271 Avenue of the Americas, New York, NY 10020, USA. MSUSA acts as agent for non-US members of Mizuho Securities for transactions by US investors in foreign sovereign and corporate debt securities and related instruments. MSUSA does not guarantee such transactions or participate in the settlement process.

© Mizuho Bank, Ltd. ("MHBK"), MHSA and MHSS. All Rights Reserved. This document may not be altered, reproduced, disclosed or redistributed, or passed on to any other party, in whole or in part, and no commercial use or benefit may be derived from this document without the prior written consent of MHBK, MHSA or MHSS.