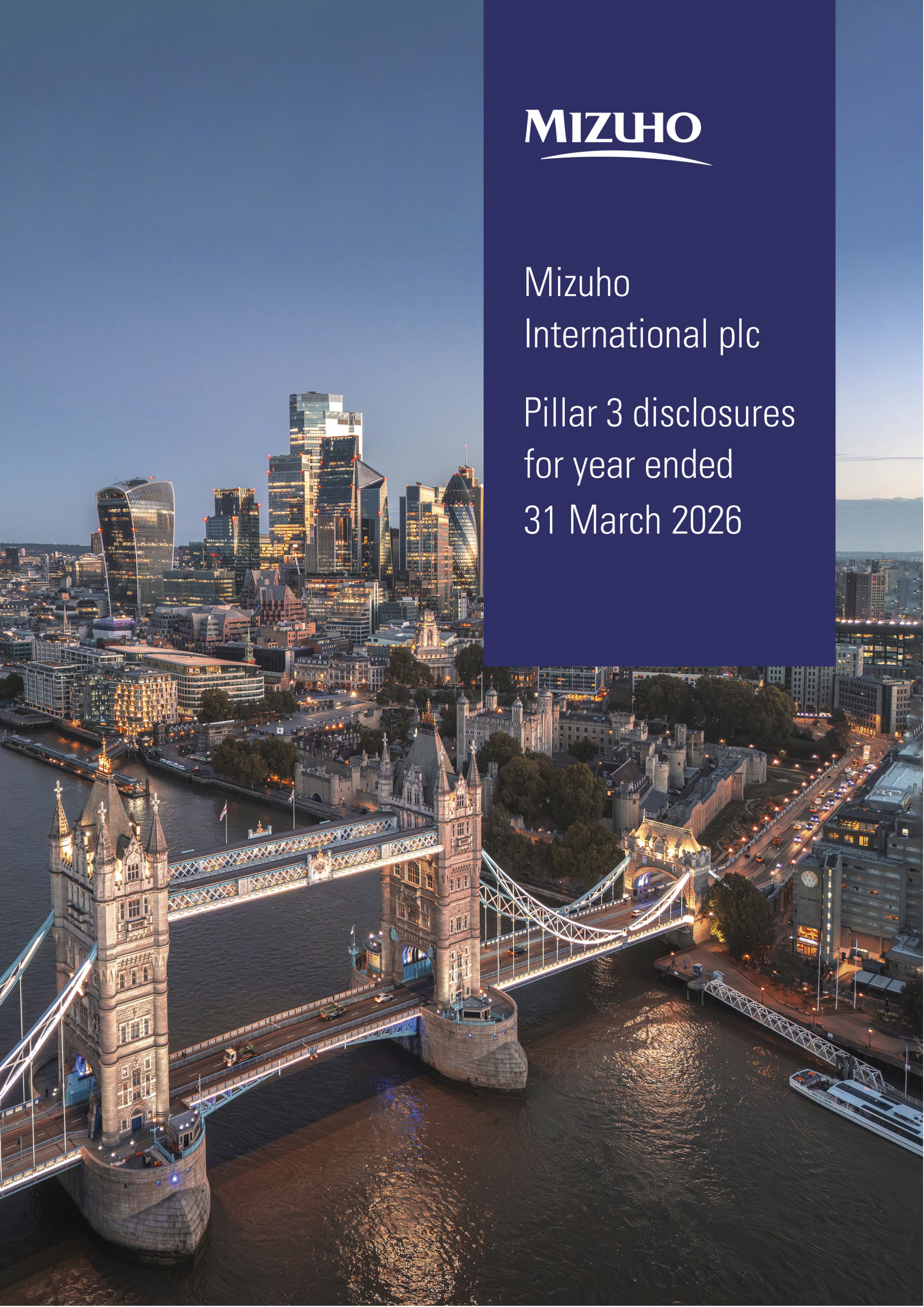

MIZUHO

Mizuho International plc

Pillar 3 disclosures for year ended 31 March 2026

Group Pillar 3 disclosures for year ended 31 March 2026

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1. Introduction

1.1 Objective

This document sets out disclosures in respect of the consolidated group comprising Mizuho International plc (MHI), Augusta & Co. Limited (Augusta) and Mizuho EMEA Corporate Services (MECS), together "the Group", required under the Prudential Regulation Authority (PRA) Rulebook[1], on shored following the United Kingdom's (UK) withdrawal from the European Union (EU), and which remains substantially in line with EU CRD legislation, consisting of the Capital Requirements Regulation[2] (CRR) and the Capital Requirements Directive[3] (CRD).

Pillar 3 disclosures, as required under the PRA Rulebook, provide market participants with information on a firm's governance arrangements, risk management objectives and processes, risk exposures, capital resources, key metrics and remuneration practices.

1.2 Regulatory information

The PRA supervises the Group on a consolidated basis. The Group consists of MHI, Augusta and MECS. MHI is authorised by the PRA and regulated by the Financial Conduct Authority (FCA) and the PRA. MHI is entered into the Financial Services Register and its register reference number is 119256. MHI is subject to the PRA Rulebook. Augusta is authorised and regulated by the FCA and its reference number is 211883. Augusta is a MiFID exempt firm.

1.3 Forward looking statements

Certain statements in this disclosure document are forward looking with respect to plans, goals and expectations relating to the future financial position, business performance and results of the Group. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, the Group can give no assurance that these expectations will prove to be an accurate reflection of actual results. As these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

1.4 Overview of Basel framework and Pillar 3

Prudential requirements under the Basel framework are categorised under three pillars.

Pillar 1 – Industry minimum capital requirements

Risk based requirements

The first pillar of the Basel framework focuses on the determination of minimum capital requirements applicable to all firms to support exposures to credit, counterparty credit, market and operational risks. Capital requirements may also be expressed as risk weighted assets (RWAs), being a notional amount 12.5 times the size of the capital requirement.

Risk based minimum capital requirements may be determined using a number of approaches. Table 1 shows the approach which has been adopted by MHI at the consolidated level.

[1] Disclosure requirements included in the Disclosure (CRR) Part of the PRA Rulebook, on shored after UK's withdrawal from the EU.

[2] Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/876 (CRR2).

[3] Directive 2013/36/EU as amended by Directive (EU) 2019/878 (CRD5).

Table 1: Pillar 1 risk-based approaches adopted by MHI at the consolidated level

Approach	Summary
Credit risk	
Standardised approach	Standardised risk weightings are applied to credit risk exposures. Credit ratings supplied by external credit assessment institutions (ECAIs) are used to determine the appropriate risk weight to be applied to exposure amounts. Credit risk mitigation techniques are recognised.
Counterparty credit risk	
Derivatives - Standardised Approach to Counterparty Credit Risk (SA-CCR)	Derivative counterparty credit risk exposure is calculated under the CRR2 SA-CCR methodology. SA-CCR provides increased netting for interest rate products, increased equity add-ons and less favourable use of excess collateral. CRR2 also uses the SA-CCR inputs for the CVA calculations and leverage ratio and has a new Default Fund calculation.
Securities Financing Transactions – Financial Collateral Comprehensive Method (FCCM)	Under the FCCM, collateral is subject to a volatility adjustment to take account of the risk of changes in its value. The adjusted amount is deducted from the risk exposure before assigning risk weights. Supervisory volatility adjustments are applied.
Market risk	
Standardised approach	Requires the calculation of position risk requirements for each type of market risk within the trading book in accordance with standard rules.
Operational risk	
Basic indicator approach	Capital requirements are calculated as 15% of three-year average income.

Non-risk based requirements

The Financial Policy Committee (FPC) and the PRA consider leverage requirements to be an essential part of the capital requirements framework with the UK leverage ratio framework outlined under Policy Statement 21/21[4]. The leverage ratio requires firms to maintain Tier 1 capital in excess of a minimum ratio to a gross measure of exposures. Exposures comprise on and off-balance sheet items, calculated from the accounting balance sheet subject to a defined set of adjustments. Whereas risk-weighted capital ratios differentiate capital requirements according to estimates of the relative riskiness of different asset classes, a leverage ratio weights all assets equally. The leverage ratio is intended to limit the risk of excessive leverage across the banking sector and to reinforce risk-based requirements with a simple backstop measure. The Group's current leverage ratio is provided in section 6.4 of this document.

Pillar 2 - Supervisory review process

The second pillar of the Basel framework is designed to assess the adequacy of a firm's capital resources by considering all material risks to the firm's business, including those not covered or adequately addressed by Pillar 1, together with the impact upon the capital position that is forecast to occur using stressed macroeconomic scenarios.

Firms are required to conduct an Internal Capital Adequacy Assessment Process (ICAAP) at least annually to review their capital resources available to address material risks identified, and the outcome of stress testing procedures performed. This internal assessment is subject to the Supervisory Review

[4] PS 21/21 introduced the following: extension of the scope of application of the leverage framework, exclusion of qualifying central bank claims from the exposure measure, among others.

and Evaluation Process (SREP) and forms part of the PRA's own assessment of the risks to which firms are exposed, their risk management and capital adequacy.

Following the SREP, the PRA sets firms a Pillar 2A capital requirement on an individual and consolidated basis, for the amount and quality of capital the PRA considers the firm must hold, in addition to Pillar 1 capital requirements, to meet the overall financial adequacy rule. The sum of Pillar 1 and Pillar 2A capital requirements is the firm's Total Capital Requirement (TCR).

The PRA may also notify firms of an amount and quality of capital, over and above the level of capital required to meet its TCR and over and above the capital buffers (Capital Conservation and Countercyclical Capital Buffers), that should be held for the PRA Buffer. The PRA Buffer is set as a percentage of RWAs.

Pillar 3 - Market discipline
The third pillar of the Basel framework requires public disclosure surrounding a firm's risk governance, risk management practices, its approach to capital management, capital resources and Pillar 1 capital requirements. These disclosures are intended to foster market discipline in relation to a firm's risk management practices.

In January 2025, the PRA provided an update on the intended timetable for the remaining implementation of the Basel 3.1 standards in the UK. This update moved the implementation date to 1 January 2027.

1.5 Notes on basis of preparation

Scope of consolidation
These disclosures are comprehensive and prepared in respect of the Group in accordance with Chapter 2 of the Disclosure (CRR) Part of the PRA Rulebook.

Basis of preparation
These disclosures have been prepared in accordance with regulatory capital adequacy concepts and rules rather than in accordance with accounting standards. Certain information provided within these disclosures is therefore not directly comparable with financial information contained within the annual financial statements.

Table 2 shows the relationship between the Group's accounting balance sheet categories and regulatory capital calculation by risk driver. The table does not include all inputs included in the calculation of RWAs but is intended to provide an overview of the link between balance sheet items and Pillar 1 calculations.

Table 2: RWA calculation drivers split by balance sheet category

Accounting balance sheet category	**RWA risk type**		
Assets	Credit risk	Counterparty credit risk	Market risk
Reverse repurchase agreements	✗	✓	✓
Debt and equity securities	✗	✗	✓
Derivative assets	✗	✓	✓
Loans and advances to banks	✓	✗	✗
Shares in group undertakings	✓	✗	✗
Intangible fixed assets	✗	✗	✗
Tangible fixed assets	✓	✗	✗
Other assets, prepayments and accrued income	✓	✗	✗
Liabilities and equity			
Deposits by banks	✗	✗	✗
Customer accounts	✗	✗	✗
Repurchase agreements	✗	✓	✓
Short trading positions	✗	✗	✓
Derivative liabilities	✗	✓	✓
Debt securities in issue	✗	✗	✗
Subordinated debt	✗	✗	✗
Other liabilities, provisions and accruals	✗	✗	✗

Where numerical balances are not applicable to the Group, these are reflected by a dash (-) in all tables; balances which are applicable but insignificant are reflected as numerals to one decimal place (0.0).

Location and verification

A standalone copy of these disclosures is located on the Mizuho EMEA (European, Middle East and African) website (www.mizuho-emea.com). These disclosures should be read in conjunction with the Group financial statements for the year ended 31 March 2026, which are also published on this website.

Whilst the disclosures presented within this document do not require validation through external audit, they have been subject to internal governance procedures, including review and approval by MHI's Chief Financial Officer (CFO) and Chief Risk Officer (CRO) and the Board of Directors of MHI (the Board).

Frequency of disclosure and comparative balances

Disclosures are provided in accordance with the PRA Rulebook, on an annual basis and published in conjunction with the date of publication of the financial statements and, unless otherwise indicated, all current year figures are stated as at the Group's financial year-end, 31 March 2026.

More frequent disclosures may be provided in the event that a material change occurs to the Group's business.

Comparative balances as at 31 March 2026 have generally been presented within this document. Where required, comparative prior year values have been restated to align with the 2026 presentation of disclosures.

Immaterial disclosures

In line with the PRA Rulebook[5], where the information required under a particular disclosure is considered by the Group to be immaterial, such disclosures have been omitted. The determination of immateriality is based on guidance issued by the EBA[6].

[5] Article 432 of the CRR was on shored to the PRA Rulebook (Disclosure (CRR) Part) after UK's withdrawal from the EU.

[6] On shored to UK regulation, in line with Bank of England and PRA Statement of Policy Interpretation of EU Guidelines and Recommendations: Bank of England and PRA approach after the UK's withdrawal from the EU.

2. Corporate governance

2.1 Role of the Board

The Board has overall responsibility for the management of MHI and its subsidiaries, although certain matters are reserved to the shareholder whether under English law or by decision of the shareholder as set out in a Statement of Delegated Authority by the shareholder reviewed and approved by the shareholder on 16 February 2017 and by the Board on 23 February 2017. The role of the Board is to provide leadership of MHI within a framework of prudent and effective internal controls, in order to maintain effective operations, control of financial affairs and compliance with law and regulation. The Board is responsible for the long-term success of the Group and, to this end, sets the strategy and risk appetite for MHI and the Group, whilst ensuring that an effective risk management framework is maintained.

Certain matters are reserved for approval by the Board due to their significance. These matters include decisions concerning Board membership (subject to approval by the shareholder at an annual general shareholder meeting of the appointment / continuation in office of any Board member appointed during the previous year) and corporate governance, strategy, approval of risk appetite and risk management oversight, capital and liquidity matters, corporate structure, financial performance, remuneration policy and significant legal and regulatory matters. Matters not specifically reserved to the Board are delegated to MHI's executive officers.

2.2 Directors' responsibilities

Under UK company law, directors must promote corporate success by exercising independent judgement with reasonable care, skill and diligence, while having regard to the long-term consequences of their decisions.

Directors of UK regulated banks are also required by the PRA and FCA to act in accordance with their principles, including requirements in relation to observing proper standards of market conduct, dealing with regulators in an open and co-operative manner, taking reasonable steps to ensure that business is organised to facilitate effective control, and compliance with the regulatory system.

The principal roles on the Board and the responsibilities attaching to those roles are summarised in Table 3.

Table 3: Roles on the Board

Chair of the Board	• Leads the Board and sets/reviews the Board's agenda • Facilitates engagement and participation from all Board members • Ensures effective communication with MHI's shareholder • Acts as Chair of the Nomination Committee
Chief Executive Officer (CEO)	• Recommends MHI strategy to the Board • Responsible for implementation of strategy and day-to-day management of MHI's affairs
Non-executive directors	• Offer effective challenge to management and oversees achievement of agreed objectives • Oversee strategy and provide oversight from a Mizuho Group perspective
Independent non-executive directors	• Offer effective challenge to management and oversees achievement of agreed objectives • Chair respective Board sub-committees
Executive Directors	• Support the CEO in delivery of MHI's strategy and day-to-day management of MHI's affairs.

2.3 Board composition

The Board comprises a majority of non-executive directors. The importance of maintaining an appropriate balance of skills, experience, diversity and independence is recognised. The Nomination Committee assesses on an annual basis the structure, size and composition of the Board, together with the balance of knowledge, skills and experience of its members.

The following listed in Table 4 served as directors of the Board during the year ended 31 March 2026.

Table 4: Board composition

Directors of the Company during the year ended 31 March 2026
Executive Directors
Mr S. Bakhshi (resigned 30 September 2025)
Mr Y. Imafuku
Mr M. Ponsonby (appointed 1 October 2025)
Non-Executive Directors
Ms M. Erasmus (Chair and Independent Non-Executive Director)
Mr D. Atkinson (Independent Non-Executive Director)
Mr G. Bennett (Independent Non-Executive Director)
Mr T. Waddell (Independent Non-Executive Director)
Mr Y. Nanjo (Non-Executive Director)
Mr A. Shibukawa (appointed on 1 April 2025)
Mr H. Kurakagi (appointed on 1 April 2025)

MHI is committed to diversity and respects the diversity and individuality of all persons, irrespective of ethnicity, gender, age, career-level, background or sexual orientation. The Nomination Committee will recommend Board appointments based on the benefits individual appointees can bring to the firm. This will take account of their knowledge, skills and experience measured against identified objective criteria, as well as the broader contribution they can make to the Board by widening the collective expertise and increasing the scope for effective challenge and diversity of thought. A target for gender diversification on the Board was set and has been met for the year ended 31 March 2026, though this target is under review. The Group remains committed to improving the representation of women in senior management and strengthening the pipeline of future female leaders.

Directorships held by Board members are reviewed to ensure compliance with the PRA's requirements regarding the total number of such positions which may be held. As of 31 March 2026, the Board contained 9 members who held a total of 18[7] directorships (inclusive of those held on the Board). The total of such directorships held by each individual director complied with those requirements.

2.4 Board performance

Arrangements for induction of new Board members and ongoing training are in place to ensure that directors are fully informed of key business, legal and regulatory matters relevant to the performance of their roles. Review of Board performance and that of individual directors plays an important role in ensuring effective ongoing governance, and MHI has made arrangements for the Nomination Committee to conduct annual performance evaluations and to make recommendations to the Board arising from these reviews.

2.5 Board committees

[7] This disclosure is given in accordance with the definition used in Article 91 of CRD IV and implemented by the PRA, whereby directorships in organisations which do not pursue predominantly commercial objectives are not counted and directorships held within the same group are counted as a single directorship.

The Board has established a number of committees under the Board (Board Committees) to enable detailed oversight of particular areas of Board responsibility and to facilitate oversight of senior management. Board and Board Committee meetings are held on a regular basis, and sufficient time is allocated to ensure that relevant business is fully considered. The Board Committees are described in Table 5, together with a summary of their respective responsibilities.

Table 5: Board committees

Board	
Audit & Compliance Committee	• Reviews the appropriateness and completeness of the internal control framework, receives reports from management and internal and external auditors and monitors progress of remedial action regarding control weaknesses. • Monitors the integrity of the financial statements and group financial reporting. • Monitors and reviews the effectiveness and independence of the internal audit function, including review and approval of the internal audit programme and monitoring execution of the programme. • Reviews arrangements established by management for compliance with regulatory requirements and reviews any matters of significance regarding MHI's relationship with its regulators. • Responsible for the procedure for the selection of an external auditor, making recommendations to the Board.
Board Risk & Sustainability Committee	• Makes recommendations to the Board concerning MHI's risk appetite and reviews the supporting Board level limit framework and key metrics. • Evaluates and reports to the Board on matters concerning MHI's overall risk profile and performance against risk appetite, considering key trends and concentrations, compliance with limits and significant risk issues. • Evaluates MHI's governance, risk and control framework. • Oversees and challenges the due diligence on risk issues relating to strategic proposals. • Reviews risk disclosures and assessments provided within public documents. • Provides input to the Remuneration Committee regarding appropriate risk adjustments to be made to remuneration packages. • Provide advice and support to the Board on sustainability and climate risk.
Nomination Committee	• Reviews and makes recommendations regarding Board composition, performance, and Board and senior management succession planning. • Selects and recommends to the Board candidates for membership in accordance with its assessment of the balance of skills, experience, diversity and independence to be maintained on the Board.
Remuneration Committee (RemCo)	• Sets and recommends to the Board the objectives, principles and parameters of MHI's Remuneration Policy. • Reviews the remuneration arrangements of senior staff having regard to the impact on behaviour, risk appetite and risk profile of these arrangements, and the degree to which performance assessment takes account of current and potential future risks.

Crisis Management Committee	• Convened at the request of: – any two of the CEO, CFO, CRO and Treasurer; – the Risk Management Committee; – the Chair of the Board; – the Chair of the Board Risk & Sustainability Committee; or – the senior Independent Non-Executive Director of the Board. • Once convened, identifies and understands critical issues which have resulted in a crisis or other situation, makes recommendations to the Board to remediate the situation and manage implementation of actions approved by the Board. • Initiates the Recovery Plan where certain triggers are breached.

2.7 Augusta & Co

On 31 October 2025, MHI completed the acquisition of Augusta & Co Ltd ("Augusta"), a specialist corporate finance advisory firm servicing the renewable energy and energy transition sectors, following change in control approval by the regulators. The acquisition further strengthens Mizuho's M&A advisory platform and energy transition credentials.

Augusta's Board of Directors is responsible for the leadership, direction and control of the firm and for ensuring that the firm complies with its legal and regulatory requirements. The Board comprises four Directors, two of whom are executive and two of whom are non-executive. The two Non-Executive Directors carry the majority of the voting rights on the Board and are also senior management in other Mizuho Financial Group companies.

Directors of the Company during the year ended 31 March 2026
Executive Directors
Mr M. Menzel (Executive Director, Chief Compliance Officer)
Mr J. Knight (Executive Director, Money Laundering Reporting Officer)
Non-Executive Directors
Mr Y. Nanjo (Non-Executive Director) (appointed 31 October 2025)
Mr S. Slavinskiy (Non-Executive Director) (appointed 31 October 2025)

Augusta has adopted MHI's existing applicable policy suite, including Compliance, Finance and Risk Management policies.

3. Risk management framework

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

3.1 Risk culture

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

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

3.2 Risk appetite

The Board's risk appetite describes the levels and types of risk that the Group is prepared to accept in pursuit of its business strategy. The risk appetite is prudently quantified with reference to scenario and stress testing and is set to ensure that the Group is able to maintain a sound financial position throughout economic cycles.

The risk appetite is implemented through a supporting limit framework that ensures all material sources of risk are controlled in a manner consistent with the Board's overall risk tolerance. The Group adopts a structured approach to limit management which ensures that limit reporting and oversight take place at the appropriate level within the organisation. The status of the Group's overall risk profile in relation to the risk appetite is overseen by the Board.

The Group also sets qualitative risk appetite statements to define what levels of risk are acceptable for risks which are less easily quantified.

The Group, as part of Mizuho EMEA, aligns with sustainability policies and approaches from Mizuho Financial Group, Inc. (MHFG), and these are reviewed and updated regularly to ensure that they reflect the rapidly evolving stakeholder expectations in this area.

3.3 Risk governance and assigning responsibility

Three lines of defence

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

First line: The first line is any business or support unit that originates risk, owns it and is responsible for that risk. The first line function is obliged to understand the implication of any risks run by it and to conduct its own supervision to control/manage the risk.

Second line: The second line is provided by a number of functions who are responsible for conducting independent challenge, oversight and reporting of risk and validating the management of risks by the first line of defence.

Third line: The third line of defence is provided by the Internal Audit Function that is independent of both the first and second lines of defence. The role of the third line is to independently check and verify the effectiveness of the first and second lines of defence and to escalate to Senior Management and the relevant Board sub-committees any deficiencies that it identifies.

Risk governance
The Board, as the governing body is required to establish the risk appetite statement, ensuring that it is appropriately documented, is appropriate for MHI's business strategy, it reflects MHI's financial condition and funding capacity, and is communicated to all relevant business lines. This also includes approval of the corresponding metrics which will enable the effective high-level monitoring of risk profile and performance against the appetite.

The Board has overall responsibility for the approval of MHI's Risk Appetite Statement. It is also responsible for approving the systems, processes and controls used to identify, measure, manage and monitor risk in the business and for monitoring MHI's overall risk profile. The Board delegates responsibility for detailed risk oversight and challenge to the Board Risk & Sustainability Committee and the day-to-day risk management to the Executive Committee. The Board Risk & Sustainability Committee held six meetings in the year.

The Board is ultimately responsible for setting the limits inherent in the risk appetite statement, taking into account recommendations from the Board Risk Committee and the CRO. The detailed risk appetite framework is developed initially by the Risk Management department after the Board dictates the appetite parameters. The CRO then takes the framework through challenge, review and approval from the Prudential Regulation Committee, Asset & Liability Committee, EMEA Risk Management Committee and Board Risk & Sustainability Committee.

The Board also retains responsibility for capital and liquidity matters, including compliance with applicable regulation. The heads of the principal risk control functions, being the CRO and the Head of Legal & Compliance, are mandated through dual reporting lines to update and inform the relevant Board committees of matters relating to their functions and group wide risk management.

Responsibility for the day-to-day running of the business is delegated by the Board to the CEO of MHI, who in turn mandate the heads of the principal control functions to assume responsibility for risk challenge and oversight.

3.4 Risk Management function and approach

The Group maintains a strong and independent Risk Management function which is headed by the CRO of MHI. Risk Management is mandated to oversee all material classes of risk to which MHI is exposed, other than conduct risks which are overseen by the Group's Compliance function.

Risk Management is structured to facilitate oversight of these principal risk classes and incorporates separate teams with responsibility for market, credit, liquidity, regulatory governance, and operational risk oversight. A common approach to risk oversight is adopted for each principal risk class, in accordance with risk policies established for those classes. The EMEA Risk Management Committee, chaired by the CRO, advises the EMEA Executive Committee and the Board Risk & Sustainability Committee on risk methodologies, limits and policies, for market, credit, liquidity and operational risks, and monitors compliance with these limits. The EMEA Risk Management Committee meets monthly.

Risk identification and assessment
All material risk exposures are identified and recorded within the MHI risk register, whilst responsibility for the assessment of those risks resides with both the business and the risk control functions. Risks and sub-components of risk are assessed through the implementation of a variety of measures or metrics relevant to each risk class. Risk assessment measures are developed in accordance with accepted measurement methodologies for each class of risk, and the resulting assessments are

classified according to severity, to provide clear identification of the Group’s material exposures. Risk assessments are conducted in relation to both normal and stressed market conditions.

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

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

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

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

Climate-related risk management
The Group has adopted a proportionate approach to embedding the identification, assessment and management of climate-related risks, in line with our business model and the scale and complexity of our activities. The Group’s approach is supported by deepening collaboration across the Mizuho global and EMEA platforms. The Group’s Board of Directors and Executive Committee receive regular updates on climate risk, sustainable finance, regulatory developments, and other sustainability-related matters of importance, allowing them to make informed decisions in relation to climate-related risks and opportunities. The Senior Management Function responsibility for the financial risks arising from climate change rests with the Group’s CEO.

For more information on the Group’s approach to climate and sustainability, please refer to the Group’s Annual Report for the year ended 31 March 2026.

3.5 Strategy and planning

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

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

Within its business planning activities, the Group also conducts capital planning to ensure that an appropriate balance between capital resources and capital requirements is maintained through the planning cycle. As part of its capital planning framework, the Group utilises stress tests to ensure that it can maintain a sound financial position in the event of severe economic stress. Stress tests are developed based on potential future scenarios, selected considering the Group's risk profile and plausible future market and economic developments. Stress tests are conducted to apply selected scenarios in a consistent manner to the market, credit and liquidity risks to which the Group is exposed and to take account of any concentrations of exposure.

3.6 Adequacy of risk management arrangements

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

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

4. Risk profile

The Group's business strategy is based on the provision of intermediation services within the capital markets for an international client base. In keeping with this overall strategy, the Group operates Banking and Markets divisions. The Banking Division arranges and underwrites new debt issuances for major corporate, Financial Institution Group and Financial Sponsor clients of Mizuho. The Banking Division also underwrites international equity offerings and convertible bonds for Japanese and EMEA corporations, provides M&A services to Japanese firms targeting EMEA assets, and offers advisory services to EMEA clients, with a particular focus on energy, infrastructure and Sovereign Wealth Fund clients. The Markets Division offers a comprehensive range of services including sales, trading and financing of fixed income securities and derivatives for global institutional investors, and the sourcing of European-originated products for Mizuho's Japanese clients. The Markets Division also delivers pan-Asian equity sales, research, corporate access and execution services for EMEA clients, covering cash products, convertible bonds and equity derivative products.

The Board requires that risk levels remaining within appetite are maintained in pursuit of this strategy. The Group's Banking Division and equity broking activities result in low levels of risk exposure as underwriting activity is predominantly conducted without accepting significant underwriting risk and equity broking activity does not expose the Group directly to equity market risk. Fixed income trading activities result in low to moderate levels of risk as the Group maintains sovereign, financial and corporate inventory, provides securities financing services, and offers predominantly vanilla and cleared derivative risk management solutions to clients.

In this current environment, the Group continues to deploy a comprehensive set of tools to monitor and assess the impact of these risks on its operations. Risk mitigation remains a core priority, with an emphasis on active inventory management and the strategic use of hedging instruments to manage downside exposure. The Group remains committed to maintaining a resilient risk framework and supporting clients with stability and confidence during periods of uncertainty.

The Board's risk appetite with respect to capital is quantified with reference to minimum capital requirements and stress testing, and ensures an appropriate surplus is maintained over the Group's assessed capital requirements. This includes regulatory TCR and capital buffers, ensuring that the Group meets regulatory capital requirements on an ongoing basis. The aggregate risk appetite measure is supported by a range of supporting limits and metrics which facilitate the control of individual risk factors at a detailed operational level. Key regulatory metrics are shown in Table 6.

Table 6: Key regulatory metrics

		2026	2025
		£m	£m
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	**679.8**	670.5
2	Tier 1 capital	**679.8**	670.5
3	Total capital	**679.8**	670.5
Risk-weighted assets amounts (RWAs)			
4	Total risk-weighted assets (RWAs)	**2,595.5**	3,353.2
Capital ratios (as a percentage of RWAs)			
5	Common Equity Tier 1 ratio (%)	**26.19%**	20.00%
6	Tier 1 ratio (%)	**26.19%**	20.00%
7	Total capital ratio (%)	**26.19%**	20.00%
Additional own funds requirements based on SREP (as a percentage of RWAs)			
7a	Additional CET1 SREP requirements (%)	**1.52%**	1.52%
7d	Total SREP own funds requirements (%)	**9.52%**	9.52%
Combined buffer requirement (as a percentage of RWAs)			
8	Capital conservation buffer (%)	**2.50%**	2.50%
9	Institution-specific countercyclical capital buffer (%)	**0.73%**	0.93%
11	Combined buffer requirement (%)	**3.23%**	3.43%
11a	Overall capital requirements (%)	**12.75%**	12.95%
12	CET1 available after meeting the total SREP own funds requirements (%)	**16.67%**	10.48%
Leverage ratio			
13	Total exposure measure excluding claims on central banks	**15,334.8**	15,999.6
14	Leverage ratio excluding claims on central banks (%)	**4.43%**	4.19%
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**4.43%**	4.19%
14b	Leverage ratio including claims on central banks (%)	**4.37%**	4.16%
14c	Average leverage ratio excluding claims on central banks (%)	**4.22%**	4.15%
14d	Average leverage ratio including claims on central banks (%)	**4.16%**	4.12%
14e	Countercyclical leverage ratio buffer (%)	**0.30%**	0.30%
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	**1,931.8**	2,056.1(1)
16a	Cash outflows - Total weighted value	**2,883.0**	3,395.1(1)
16b	Cash inflows - Total weighted value	**2,445.6**	2,710.9(1)
16	Total net cash outflows (adjusted value)	**720.8**	891.2(1)
17	Liquidity coverage ratio (%)	**272.4%**	236.5%(1)
Net Stable Funding Ratio			
18	Total available stable funding	**2,776.7**	3,196.7
19	Total required stable funding	**1,883.5**	2,609.1
20	NSFR ratio (%)	**147.4%**	122.5%

Note: In line with PRA disclosure template 'UK KM1 - Key metrics template'. Only rows relevant to the Group are shown in Table 6, remaining rows from the PRA disclosure template have been left out as these are nil rows. In line with the Pillar 3 instructions, the disclosure of data for previous periods is not required when data is disclosed for the first time.

(1) Values for the year ended 31 March 2025 were reported incorrectly before. Comparative values have been restated. For further information, refer to Table 33.

5. Capital resources

5.1 Capital ratios

The Group has continued to maintain capital resources significantly above the minimum requirements established by the Basel Pillar 1 framework.

The Group's ratio of Tier 1 capital[8] to Pillar 1 RWAs is given in Table 7.

Table 7: Tier 1 capital ratio

	2026	2025
Tier 1 capital ratio	**26.19%**	20.00%

5.2 Capital resources reconciliation

As at 31 March 2026, the Group's total capital resources consisted of £679.8m CET1 capital.

The difference between total equity on an accounting basis and regulatory capital arises from regulatory adjustments, as shown in Table 8.

Table 8: Capital resources reconciliation

	2026 £m	2025 £m
Share capital	**825.5**	770.5
Reserves	**19.6**	3.0
Total equity (accounting)	**845.2**	773.5
Regulatory adjustments to accounting total equity		
Prudent valuation adjustment	**-4.8**	-6.7
Intangible assets	**-160.5**	-96.3
Total CET1 capital	**679.8**	670.5
Total Tier 2 capital	**-**	-
Total capital resources (regulatory)	**679.8**	670.5

[8] The Group's capital structure consists only of Common Equity Tier 1 capital.

Table 9: Own Funds

	Common Equity Tier 1 (CET1): instruments and reserves	2026 £m	2025 £m
1	Capital instruments and the related share premium accounts	**825.5**	770.5
2	Retained earnings	**27.0**	9.8
3	Accumulated other comprehensive income (and other reserves)	**-7.4**	-6.8
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**845.2**	773.5
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	**-4.8**	-6.7
8	Intangible assets (net of related tax liability) (negative amount)	**-160.5**	-96.3
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	**-165.3**	-103.0
29	**Common Equity Tier 1 (CET1) capital**	**679.8**	670.5
45	**Tier 1 capital (T1 = CET1 + AT1)**	**679.8**	670.5

	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	**-**	-
51	Tier 2 (T2) capital before regulatory adjustments	**-**	-
Tier 2 (T2) capital: regulatory adjustments			
57	Total regulatory adjustments to Tier 2 (T2) capital	**-**	-
58	**Tier 2 (T2) capital**	**-**	-
59	**Total capital (TC = T1 + T2)**	**679.8**	670.5
60	**Total RWAs**	**2,595.5**	3,353.2

	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of RWAs)	**26.19%**	20.00%
62	Tier 1 (as a percentage of RWAs)	**26.19%**	20.00%
63	Total capital (as a percentage of RWAs)	**26.19%**	20.00%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of RWAs)	**12.75%[(1)]**	12.95% [(1)]
65	of which: capital conservation buffer requirement	**2.50%**	2.50%
66	of which: countercyclical buffer requirement	**0.73%**	0.93%
68	**Common Equity Tier 1 available to meet buffers (as a percentage of RWAs)**	**16.67%**	10.48%

	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	**7.2**	23.2

Note: In line with PRA disclosure template 'UK CC1 - Composition of regulatory own funds'. Only rows relevant to the Group are shown in Table 9, remaining rows from the PRA disclosure template have been left out as these are nil rows.
[(1)] CET1 capital requirement considering MHI's capital stack consists only of Common Equity Tier 1 capital.

6. Capital requirements

6.1 RWAs and Pillar 1 capital requirements

The Group's Pillar 1 capital requirements and RWAs as at 31 March 2026 are set out in Table 10 by risk class.

Table 10: RWAs and Pillar 1 capital requirements

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements	
Risk type		**2026 £m**	2025 £m	**2026 £m**	2025 £m
1	Credit risk (excluding CCR)	**210.2**	150.5	**16.8**	12.0
2	Of which the standardised approach	**210.2**	150.5	**16.8**	12.0
6	Counterparty credit risk - CCR	**550.3**	682.4	**44.0**	54.6
7	Of which the standardised approach	**479.5**	621.3	**38.4**	49.7
8a	Of which exposures to a CCP	**6.1**	6.6	**0.5**	0.5
8b	Of which credit valuation adjustment - CVA	**52.4**	46.3	**4.2**	3.7
9	Of which other CCR	**18.4**	14.8	**1.5**	1.2
15	Settlement risk	**0.0**	0.0	**0.0**	0.0
20	Position, foreign exchange and commodities risks (Market risk)	**1,189.4**	2,014.2	**95.2**	161.1
21	Of which the standardised approach	**1,189.4**	2,014.2	**95.2**	161.1
22a	Large exposures	**-**	-	**-**	-
23	Operational risk	**645.6**	506.1	**51.6**	40.5
23a	Of which basic indicator approach	**645.6**	506.1	**51.6**	40.5
29	**Total**	**2,595.5**	3,353.2	**207.6**	268.3

Note: In line with PRA disclosure template 'UK OV1 – Overview of risk weighted exposure amounts'. Only rows relevant to the Group are shown in Table 10, remaining rows from the PRA disclosure template have been left out as these are nil rows.

MHI currently has permission to use sensitivity models to calculate positions in derivative instruments for the purposes of its calculation of own funds requirements for market risk.

6.2 Pillar 2 capital requirements

The PRA prescribes a TCR to firms as part of its supervision of the banking sector. MHI has been issued with a TCR by the PRA (updated December 2024) and maintains capital that exceeds this requirement. MHI's TCR was £246.6m as at 31 March 2026 and this was met entirely by CET1 capital.

The Group's ICAAP provides an assessment of risks not covered or not fully captured through Pillar 1 capital requirements. Each entity on an individual basis and the Group ensures that it maintains capital which also exceeds this internal assessment of risk exposures. The assessment of risks not covered or not fully captured through Pillar 1 includes but is not limited to Operational Risk, Concentration Risk, Counterparty Risk, Market Risk, Interest rate risk in the banking book, Pension risk and Underwriting risk.

The ICAAP also forecasts capital requirements and capital resources under stressed scenarios, which enable the Group to make an internal assessment of the capital buffer required to ensure that it will continue to meet minimum capital requirements throughout the economic cycle. The Group maintains capital exceeding the higher of TCR and additional PRA requirements, and its internal assessment of potential future capital needs.

6.3 Capital buffers

Alongside the minimum capital requirements, the PRA Rulebook requires institutions to hold capital buffers that can be drawn down in times of economic stress to absorb losses. Specific capital buffers that the Group is required to hold include:

Capital conservation buffer (CCoB)

The CCoB is designed to ensure that institutions build up capital buffers outside of times of stress that can be drawn upon if required; the requirement is 2.5% of RWAs.

Countercyclical capital buffer (CCyB)

The CCyB is designed to require financial institutions to hold additional capital to reduce the build-up of systemic risk in a credit boom by providing additional loss absorbing capacity and acting as an incentive to limit further credit growth.

The following table shows all positive CCyB rates recognised or set by the Financial Policy Committee (FPC) on foreign exposures for UK firms in specific countries with implementation date in the year ended 31 March 2026. Only countries relevant to MHI at 31 March 2026 are shown.

Table 11: CCyB rates on foreign exposures set by the FPC

Country	Current CCyB rate	Implementation date
Cyprus	1.50%	14-Jan-26
Greece	0.25%	01-Oct-25
Hungary	1.00%	01-Jul-25
Latvia	1.00%	18-Jun-25
Poland	1.00%	25-Sep-25
Portugal	0.75%	01-Jan-26
South Africa	1.00%	01-Jan-26
Spain	0.50%	01-Oct-25

Each institution's specific CCyB rate is a weighted average of the CCyB rates that apply in the jurisdictions where the institution's relevant credit exposures are located. The FPC is responsible for setting the UK CCyB rate (for credit exposures located in the UK). The UK CCyB rate was 2.00% as at 31 March 2026. MHI continues to adhere to these buffer requirements.

Table 12 shows the Group's specific CCyB rate and requirement. The table is split down into:

- The total risk exposure amount, for exposures in all countries;
- The institution specific CCyB rate, which is the weighted-average CCyB rate, calculated by multiplying the total exposure to each geographical area by the CCyB rate set for that region (including those countries with a CCyB rate set to zero); and
- The institution specific CCyB requirement, which is calculated by multiplying the above two figures together.

Table 12: Institution-specific CCyB

CCyB metric	**2026 £m**	2025 £m
Total risk exposure amount	**2,595.5**	3,353.2
Institution-specific CCyB rate (%)	**0.73%**	0.93%
Institution-specific CCyB requirement	**19.0**	31.3

Note: In line with PRA disclosure template 'UK CCyB2 - Amount of institution-specific countercyclical capital buffer'.

As at 31 March 2026, geographical breakdown of credit exposures relevant for the calculation of the CCyB is shown in Table 13.

Table 13: Geographical distribution of credit exposures relevant for the calculation of the CCyB

Breakdown by country	General credit exposures	Relevant credit exposures – Market risk	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights	CCyB rate
	Exposure value under SA	Sum of long and short positions of trading book exposures for SA		Credit risk	Market risk	Total			
	£m	£m	£m	£m	£m	£m	£m	%	%
United Arab Emirates	24.5	70.2	94.7	0.4	1.3	1.7	21.4	2.8%	0.0%
Austria	-	4.2	4.2	-	0.1	0.1	0.8	0.1%	
Australia	-	3.0	3.0	-	0.2	0.2	2.9	0.4%	1.0%
Belgium	24.5	1.6	26.2	1.0	0.0	1.0	12.6	1.6%	1.0%
Bahrain	-	0.3	0.3	-	0.0	0.0	0.5	0.1%	
Bermuda	0.4	3.4	3.8	0.0	0.0	0.1	0.6	0.1%	
Switzerland	4.0	0.8	4.8	0.2	0.0	0.2	2.2	0.3%	
Germany	-	26.1	26.1	-	1.5	1.5	19.2	2.5%	0.8%
Denmark	-	1.2	1.2	-	0.1	0.1	0.9	0.1%	2.50%
Spain	-	28.0	28.0	-	2.0	2.0	25.4	3.3%	0.50%
Finland	-	2.4	2.4	-	0.2	0.2	2.4	0.3%	
France	0.5	27.5	28.1	0.0	1.9	1.9	23.7	3.1%	1.0%
United Kingdom	218.3	42.6	260.9	10.1	2.1	12.2	151.9	19.6%	2.0%
Greece	-	0.8	0.8	-	0.1	0.1	0.8	0.1%	0.3%
Hungary	-	0.1	0.1	-	0.0	0.0	0.0	0.0%	1.0%
Indonesia	-	0.0	0.0	-	0.0	0.0	0.0	0.0%	
Ireland	-	11.9	11.9	-	1.2	1.2	14.8	1.9%	1.5%
Israel	0.0	-	0.0	0.0	-	0.0	0.0	0.0%	
Italy	-	8.2	8.2	-	0.7	0.7	8.3	1.1%	
Jersey	-	2.6	2.6	-	0.1	0.1	0.8	0.1%	
Japan	30.0	36.0	66.1	2.4	1.1	3.5	44.3	5.7%	
Korea, Republic of	-	2.5	2.5	-	0.0	0.0	0.5	0.1%	1.0%
Kuwait	-	0.5	0.5	-	0.0	0.0	0.5	0.1%	
Cayman Islands	292.6	70.2	362.7	23.4	1.9	25.3	316.7	40.9%	
Kazakhstan	-	0.0	0.0	-	0.0	0.0	0.0	0.0%	
Luxembourg	-	51.1	51.1	-	1.5	1.5	18.9	2.4%	0.5%
Morocco	-	1.4	1.4	-	0.1	0.1	1.4	0.2%	
Mexico	-	0.1	0.1	-	0.0	0.0	0.1	0.0%	
Netherlands	9.0	85.1	94.1	0.7	5.2	5.9	74.1	9.6%	2.0%

Norway	-	1.4	1.4	-	0.0	0.0	0.4	0.0%	2.5%
Oman	-	2.5	2.5	-	0.2	0.2	2.0	0.3%	
Portugal	-	0.4	0.4	-	0.0	0.0	0.4	0.1%	0.8%
Qatar	-	1.2	1.2	-	0.0	0.0	0.2	0.0%	
Russian Federation	0.0	-	0.0	0.0	-	0.0	0.0	0.0%	
Saudi Arabia	-	29.6	29.6	-	0.5	0.5	6.0	0.8%	0.0%
Sweden	-	4.3	4.3	-	0.3	0.3	3.3	0.4%	2.0%
Taiwan, Province of China	0.0	-	0.0	0.0	-	0.0	0.0	0.0%	
United States	0.1	14.3	14.4	0.0	0.8	0.8	10.4	1.3%	
Virgin Islands, British	-	0.2	0.2	-	0.0	0.0	0.2	0.0%	
South Africa	-	5.5	5.5	-	0.4	0.4	5.5	0.7%	1.0%
Total	**604.0**	**541.1**	**1,145.1**	**38.2**	**23.7**	**61.9**	**773.9**	**-**	**-**

Note: In line with PRA disclosure template ‘UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer’. Only columns relevant to the Group are shown in Table 13, remaining columns from the PRA disclosure template have been left out as these are nil columns.

6.4 Leverage ratio

Management of leverage forms part of the Group's business planning process and risk appetite framework. The Group's leverage ratio as at 31 March 2026 meets the expected future requirements set out above. The Group is committed to ensuring that full compliance with all relevant regulatory requirements is maintained.

Solo and consolidated leverage ratios are monitored daily, and Recovery Plan early warning indicators have been established to ensure the Group's leverage balance sheet is sustainable and in line with risk appetite.

The Group’s leverage ratio as at 31 March 2026 was 4.43% (31 March 2025: 4.19%).

Table 14: Summary reconciliation of accounting assets and leverage ratio exposures (LRSum)

		Leverage ratio exposures 2026 £m	Leverage ratio exposures 2025 £m
1	Total assets as per published financial statements	**24,841.4**	23,914.9
4	(Adjustment for exemption of exposures to central banks)	**-217.2**	-115.7
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**45.9**	99.7
8	Adjustment for derivative financial instruments	**-9,501.5**	-8,114.5
9	Adjustment for securities financing transactions (SFTs)	**363.0**	322.6
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**0.8**	2.2
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**-3.8**	-4.4
12	Other adjustments	**-193.8**	-105.4
13	**Total exposure measure**	**15,334.8**	15,999.6

Note: In line with PRA disclosure template ‘UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures’. Only rows relevant to the Group are shown in Table 14, remaining rows from the PRA disclosure template have been left out as these are nil rows.

Table 15: Leverage ratio common disclosure (LRCom)

		Leverage ratio exposures	Leverage ratio exposures
		2026	2025
		£m	£m
On-balance sheet exposures (excluding derivatives and Securities Financing Transactions (SFTs))			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	**6,640.6**	6,842.7
6	(Asset amounts deducted in determining Tier 1 capital)	**-164.1**	-100.7
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 6)	**6,476.4**	6,742.0
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**13.8**	28.8
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**343.9**	375.9
11	Adjusted effective notional amount of written credit derivatives	**7,700.0**	26,010.1
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**-7,648.9**	-26,009.2
13	Total derivatives exposures (sum of lines 8 to 12)	**408.8**	405.6
SFT exposures			
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	**19,468.1**	18,428.2
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**-11,279.8**	-9,772.5
16	Counterparty credit risk exposure for SFT assets	**477.5**	309.8
18	Total securities financing transaction exposures (sum of lines 14 to 16)	**8,665.9**	8,965.5
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	**0.9**	2.3
20	(Adjustments for conversion to credit equivalent amounts)	**-0.0**	-0.0
22	Off-balance sheet exposures (sum of lines 19 and 20)	**0.8**	2.2
Capital and total exposure measure			
23	Tier 1 capital (leverage)	**679.8**	670.5
24	Total exposure measure including claims on central banks (sum of lines 7, 13, 18, and 22)	**15,552.0**	16,115.3
24a	(-) Claims on central banks excluded	**-217.2**	-115.7
24b	Total exposure measure excluding claims on central banks (sum of lines 24 and 24a)	**15,334.8**	15,999.6
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	**4.43%**	4.19%
25c	Leverage ratio including claims on central banks (%)	**4.37%**	4.16%
26	Regulatory minimum leverage ratio requirement (%)	**3.55%**	3.55%
Additional leverage ratio disclosure requirements – leverage ratio buffers			
27	Leverage ratio buffer (%)	**0.30%**	0.30%
27b	Of which: countercyclical leverage ratio buffer (%)	**0.30%**	0.30%

Additional leverage ratio disclosure requirements - disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**8,786.5**	8,549.3
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**8,188.4**	8,655.6
31	Average total exposure measure excluding claims on central banks	**15,695.6**	15,230.8
32	Average total exposure measure including claims on central banks	**15,916.1**	15,354.6
33	Average leverage ratio excluding claims on central banks	**4.22%**	4.15%
34	Average leverage ratio including claims on central banks	**4.16%**	4.12%

Note: In line with PRA disclosure template 'UK LR2 - LRCom: Leverage ratio common disclosure'. Only rows relevant to the Group are shown in Table 15, remaining rows from the PRA disclosure template have been left out as these are nil rows.

Table 16: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (LRSpl)

		Leverage ratio exposures 2026 £m	Leverage ratio exposures 2025 £m
1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**6,640.6**	6,842.7
2	Trading book exposures	**6,024.4**	6,467.7
3	Banking book exposures, of which:	**616.2**	375.0
5	Exposures treated as sovereigns	**217.2**	115.7
7	Institutions	**150.6**	125.9
10	Corporates	**118.6**	18.9
12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**129.8**	114.5

Note: In line with PRA disclosure template 'UK LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)'. Only rows relevant to the Group are shown in Table 16, remaining rows from the PRA disclosure template have been left out as these are nil rows.

7. Market risk

7.1 Risk management

Market risk is the risk of financial loss or reduced valuation arising from changes in interest rates, foreign exchange rates, credit spreads, equity prices and other rates, prices, volatilities, correlations or other market conditions, such as liquidity. The principal market risks to which the Group is exposed are FX risk, interest rate risk, and credit spread risk. Credit valuation adjustments are considered within section 9 of this disclosure.

Market risk appetite is a component of the Group's overall risk appetite and is approved by the Board. The Group provides liquidity to customers of the wider MHFG group of companies in European debt products and holds inventory in its core product classes. The Group's market risk appetite is to maintain a moderate risk profile, whilst focusing on client transaction flows in actively traded vanilla products.

The Group's market risk exposures arise principally from trading operations in government, supranational, sub-sovereign, agency, and corporate debt instruments, and provision of financing and derivatives for client risk management solutions. Exposures are partially mitigated through the execution of offsetting transactions in other debt instruments or through the use of hedging derivative contracts.

Market risk is managed in accordance with a variety of risk measures including sensitivity-based measures (e.g. sensitivity to a basis point move in interest rates or credit spreads), VaR, balance sheet metrics and stress testing. Market risk limits are set and monitored using these measures as appropriate on a business line basis. Key risk exposures on solo and consolidated bases, which incorporate the effect of hedging activity, are monitored by the Risk Management function daily.

Market risk exposure is routinely monitored by the Risk Management Committee and overseen by the Board Risk & Sustainability Committee and the Board. Significant exposures are escalated in accordance with an established market risk policy.

7.2 Balance sheet split of trading and banking books

Trading books comprise those positions that are held with trading intent or to hedge such positions. In addition to these positions, the trading books also contain assets held as part of the HQLA portfolio for the purpose of managing liquidity risks and ensuring ongoing conformance with the Liquidity Coverage Ratio (LCR).

The Group's balance sheet is split between trading and non-trading or 'banking' books as shown in Table 17.

Table 17: Balance sheet split by trading and banking books

	2026		
Balance sheet category	**Trading Book**	**Banking book**	**Total**
	£m	**£m**	**£m**
Loans and advances to banks	**8,290.4**	**12.6**	**8,303.0**
Reverse repurchase agreements	**5,327.7**	**0.5**	**5,328.2**
Debt and equity securities	**9,910.3**	**-**	**9,910.3**
Derivative assets	**-**	**277.5**	**277.5**
Shares in group undertakings	**-**	**29.8**	**29.8**
Intangible fixed assets	**-**	**160.4**	**160.4**
Tangible fixed assets	**-**	**21.6**	**21.6**
Other assets, prepayments and accruals	**117.6**	**693.1**	**810.7**
Total assets	**23,646.0**	**1,195.5**	**24,841.5**
Deposits by banks	**-**	**625.3**	**625.3**
Customer accounts	**-**	**553.8**	**553.8**
Repurchase agreements	**8,980.7**	**10.4**	**8,991.1**
Short trading positions	**2,145.3**	**-**	**2,145.3**
Derivative liabilities	**9,787.5**	**13.8**	**9,801.3**
Debt securities in issue	**-**	**994.4**	**994.4**
Subordinated debt	**-**	**-**	**-**
Other liabilities, provisions and accruals	**67.2**	**817.9**	**885.1**
Total liabilities	**20,980.7**	**3,015.6**	**23,996.3**

	2025		
Balance sheet category	Trading Book	Banking book	Total
	£m	£m	£m
Loans and advances to banks	-	175.7	175.7
Reverse repurchase agreements	8,344.3	298.6	8,642.9
Debt and equity securities	5,646.3	1.2	5,647.5
Derivative assets	8,520.0	0.1	8,520.1
Shares in group undertakings	-	17.6	17.6
Intangible fixed assets	-	96.3	96.3
Tangible fixed assets	-	25.1	25.1
Other assets, prepayments and accruals	136.9	652.8	789.7
Total assets	22,647.5	1,267.4	23,914.9
Deposits by banks	-	678.7	678.7
Customer accounts	-	473.5	473.5
Repurchase agreements	8,377.0	281.9	8,658.9
Short trading positions	2,889.1	-	2,889.1
Derivative liabilities	8,541.3	7.1	8,548.4
Debt securities in issue	-	1,292.3	1,292.3
Subordinated debt	-	-	-
Other liabilities, provisions and accruals	100.9	499.6	600.5
Total liabilities	19,908.3	3,233.1	23,141.4

7.3 Internal risk measures

MHI has continued to manage its market risk at moderate levels over the past year, with average VaR of £2.8m (2025: £2.8m). Table 18 shows the internal VaR measurement, determined using a 99^{th} percentile confidence level over a one-day time horizon, by risk factor:

Table 18: VaR by risk factor

VaR by risk factor	**2026** **Close £m**	**Average £m**	**High £m**	**Low £m**	2025 Close £m	Average £m	High £m	Low £m
Interest rate risk	**0.9**	**1.2**	**1.9**	**0.8**	1.8	1.5	2.2	0.9
Credit spread risk	**1.4**	**2.4**	**3.8**	**1.3**	2.8	2.8	5.6	1.4
Equity risk	**0.4**	**0.4**	**0.8**	**0.0**	0.1	0.1	0.5	0.0
Foreign exchange risk	**0.1**	**0.1**	**0.4**	**0.0**	0.1	0.1	0.5	0.0
Total VaR (1)	**1.6**	**2.8**	**4.1**	**1.6**	3.0	2.8	4.9	1.7

(1) Total VaR assumes some diversification across risk types and therefore does not represent the simple sum of component risk factors.

7.4 Pillar 1 requirements by risk category

The Group's largest sources of market risk derive from general debt instrument risk within its trading inventory of flow derivative instruments, and specific debt instrument risk from the trading inventory of fixed income securities. Specific debt instrument risk arising from the trading of fixed income securities represents exposure to risk factors related to the issuer relevant to the pricing of individual debt securities.

Table 19 shows the Group's Pillar 1 market risk capital requirements, calculated using the standardised approach by risk factor:

Table 19: Pillar 1 market risk under standardised approach

Market risk under standardised approach	**2026 £m**	2025 £m
General interest rate risk – debt instrument	**15.8**	11.8
Specific risk – debt instrument	**74.7**	146.1
General interest rate risk – equity instrument	**1.1**	0.4
Specific risk – equity instrument	**1.3**	0.4
Foreign exchange risk	**2.3**	2.5
Total market risk	**95.2**	161.1

7.5 Non-traded market risk

Market risk exposures which arise from non-trading activities are not captured or fully captured through Pillar 1 capital requirements and attract Pillar 2 charges. The market risk exposures which arise in respect of non-trading activities are summarised as follows:

Table 20: Summary of non-traded market risk

	Principal risk factors **Interest rate**	**Inflation**	**Credit spread**	**Equity**
Non-trading book	✓	✗	✗	✓
Pension scheme	✓	✓	✓	✓

Equity risk in the banking book
Banking book equity investments, being those which are not held for trading purposes, attract credit risk capital requirements under the standardised approach.

The Group's most significant non-trading equity asset constitutes a carried interest entitlement in a private equity healthcare fund, representing a contractual interest in the fund's performance in excess of predefined thresholds. This interest had a fair value of £0.4m as at 31 March 2026.

The Group maintains holdings of Mizuho Financial Group, Inc. shares in connection with share-based remuneration arrangements as discussed in section 12.

The balance sheet value of non-trading equity investments is shown in Table 21 by investment category. These holdings are recorded at fair value, with revaluation gains taken through profit and loss.

Table 21: Banking book equity by category

Banking book equity	**2026** **Balance sheet value** **£m**	2025 Balance sheet value £m
Private equity	**0.4**	1.0
Exchange traded	**29.9**	17.8
Other	**-**	-
Total banking book equity	**30.3**	18.8

Interest rate risk in the banking book
The Group's banking books comprise assets and liabilities which are not held or issued for trading purposes. These include the raising and provision of funding to support the Group's trading activities, acceptance of customer deposits and investment activities. Funding and deposit taking activity, including related derivative hedging, is conducted in such a manner as to minimise, where possible, interest rate risk. A summary of the Group's non-trading notional interest rate risk exposure by maturity band is included in part 4 of the Market Risk of the Risk Review section of the 31 March 2026 financial statements.

Pension scheme market risk
The Group sponsors one defined benefit pension plan, the Mizuho International plc Retirement Benefits Scheme (the "Scheme"). The Scheme closed to new members in 1996. Accrual of further liabilities ceased on the retirement of the last active member, prior to the 31 March 2009 actuarial valuation of the Scheme. The requirement to fund the Scheme is borne jointly by MHI and Asset Management One International Ltd (a Mizuho Financial Group company) in proportion to the historical association of Scheme members to those employers.

The Scheme's investment strategy is set by the Trustees, in consultation with MHI and recorded in the Scheme's Statement of Investment Principles. The strategy involves retaining longevity risk within the Scheme and holding a proportion of return seeking assets.

In the year ended 31 March 2023, the Scheme carried out a second buy-in, which insured materially all of the Scheme's remaining liabilities through the purchase of annuities from a third-party insurance company. With regard to market risks, the Scheme's remaining assets give rise to limited interest rate, credit spread and equity risk, and the Scheme's liabilities give rise to limited interest rate and inflation risk.

8. Credit risk

8.1 Risk management

Credit risk is the risk of financial loss arising from the failure of a customer, client, counterparty or issuer to meet its contractual obligations. A sub-type of credit risk – counterparty credit risk – refers to the risk that the counterparty to a financial contract or transaction could default before the final settlement of the transaction's cash flows, and forms part of the Group's overall credit risk.

The Group's activities that give rise to counterparty credit risk, such as securities financing, derivatives and securities trading which supports the Group's market-making are discussed in the next section, risk arising from exposure to issuers of traded debt is discussed in the previous section.

Credit risk appetite forms a key component of the Group's overall risk appetite and is approved by the Board. The Group employs a range of metrics in support of this, which are used to limit and monitor the credit risk exposures in accordance with credit risk management policies.

Aside from counterparty credit risk and issuer risk, the principal sources of non-trading credit risk exposures arise from funding operations through the placement of cash resources and deposits with third parties. Credit exposures also arise in the ordinary course of business through short-term receivables and Pillar 1 credit risk charges also apply to investments in fixed assets. The Group does not undertake commercial or retail lending activity and does not extend credit through the provision of guarantees.

Non-trading credit risk exposures are measured in accordance with balance sheet carrying values, after taking account of any applicable credit risk mitigation (CRM) arrangements and adjustments for credit impairment.

8.2 Pillar 1 requirements

RWAs and Pillar 1 credit risk capital requirements calculated under the standardised approach are set out in Table 22.

Table 22: Credit risk RWAs and Pillar 1 capital requirements by exposure class

	2026		2025	
	RWAs **£m**	**Pillar 1 capital requirements** **£m**	RWAs £m	Pillar 1 capital requirements £m
Central government or central banks	**-**	**-**	-	-
Public sector entities	**-**	**-**	-	-
Multilateral development banks	**-**	**-**	-	-
Regional governments or local authorities	**-**	**-**	-	-
Institutions	**53.6**	**4.3**	25.7	2.1
Corporates	**26.5**	**2.1**	9.8	0.8
Equity	**30.6**	**2.5**	19.2	1.5
Other	**99.4**	**8.0**	95.9	7.7
Total	**210.2**	**16.8**	150.5	12.0

8.3 Analysis of credit risk exposures

Credit risk exposures by credit quality

Credit risk exposures before and after CRM and RWAs by credit quality, in accordance with the credit quality steps used within the standardised approach, are given in Table 23.

Under the standardised approach, credit ratings assigned by credit rating agencies are used in the calculation of RWAs. The PRA determines which rating agencies may be used in the calculation of risk weights, of which the Group uses ratings assigned by Standard & Poor's Financial Services LLC (S&P), Moody's Investor Service, Inc. (Moody's) and Fitch Ratings, Inc. (Fitch). Credit exposures must be assigned to one of six credit quality steps if a rating is available. Risk weight percentages are assigned based on the credit quality step, exposure class and maturity of each credit exposure. Where an external credit rating is not available or where exposures exist to central counterparties, a default treatment is applied as specified by regulatory guidance.

Table 23: Credit risk exposures and RWAs by credit quality step

	2026			
	Gross credit exposure £m	**CRM £m**	**Net credit exposure £m**	**RWAs £m**
Credit quality step 1	**281.1**	**-**	**281.1**	**12.8**
Credit quality step 2	**248.4**	**39.3**	**205.9**	**44.2**
Credit quality step 3	**92.1**	**-**	**46.1**	**23.0**
Credit quality step 4	**0.5**	**0.5**	**-**	**-**
Credit quality step 5	**29.9**	**-**	**29.9**	**29.9**
Credit quality step 6	**0.5**	**0.0**	**0.5**	**0.7**
Unrated	**99.6**	**-**	**99.6**	**99.6**
Total	**752.1**	**39.8**	**663.1**	**210.2**

	2025			
	Gross credit exposure £m	CRM £m	Net credit exposure £m	RWAs £m
Credit quality step 1	158.3	-	158.3	8.5
Credit quality step 2	144.1	38.8	102.2	26.3
Credit quality step 3	2.6	2.6	0.0	0.0
Credit quality step 4	0.5	0.5	-	-
Credit quality step 5	17.7	-	17.7	17.7
Credit quality step 6	1.1	-	1.1	1.6
Unrated	96.5	-	96.5	96.5
Total	420.8	41.9	375.8	150.5

Gross credit exposures by exposure class

Gross credit risk exposures, before the impact of CRM, as at year end and averaged over the financial year are summarised in Table 24.

Table 24: Gross credit risk exposures by exposure class

	2026		2025	
	Average gross exposure £m	**Year-end gross exposure £m**	Average gross exposure £m	Year-end gross exposure £m
Central government or central banks	**122.3**	**217.2**	177.1	115.7
Public sector entities	**-**	**-**	-	-
Multilateral development banks	**-**	**-**	-	-
Regional governments or local authorities	**-**	**-**	-	-
Institutions	**258.4**	**285.9**	162.8	167.4
Corporates	**43.7**	**119.1**	25.5	23.0
Equity	**26.2**	**30.4**	18.6	18.8
Other	**102.1**	**99.4**	101.3	95.9
Total	**552.7**	**752.1**	485.3	420.8

Geographic distribution of gross credit exposures

The geographic distribution of gross credit exposures as at 31 March 2026 is given in Table 25.

Table 25: Geographic distribution of gross credit risk exposures

	2026					
	UK £m	**Japan £m**	**US £m**	**Europe £m**	**Other £m**	**Total £m**
Central government or central banks	**217.2**	**-**	**-**	**-**	**-**	**217.2**
Public sector entities	**-**	**-**	**-**	**-**	**-**	**-**
Multilateral development banks	**-**	**-**	**-**	**-**	**-**	**-**
Regional governments or local authorities	**-**	**-**	**-**	**-**	**-**	**-**
Institutions	**100.3**	**83.4**	**20.3**	**70.6**	**11.3**	**285.9**
Corporates	**117.8**	**0.7**	**-**	**-**	**0.6**	**119.1**
Equity	**-**	**29.8**	**0.1**	**-**	**0.5**	**30.4**
Other	**99.4**	**-**	**-**	**-**	**-**	**99.4**
Total credit risk exposure	**534.8**	**113.9**	**20.4**	**70.6**	**12.4**	**752.1**

	2025					
	UK £m	Japan £m	US £m	Europe £m	Other £m	Total £m
Central government or central banks	115.7	-	-	-	-	115.7
Public sector entities	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-	-
Institutions	0.9	84.8	21.8	51.5	8.4	167.4
Corporates	17.8	4.8	-	-	0.4	23.0
Equity	-	17.5	0.1	0.1	1.1	18.8
Other	90.7	-	-	5.2	-	95.9
Total credit risk exposure	225.1	107.1	21.9	56.8	9.9	420.8

Residual maturity of gross credit exposures

The residual maturity of gross credit exposures as at 31 March 2026 is given in Table 26.

Table 26: Residual maturity of gross credit risk exposures

	2026				
	Less than 1 year	**1 to 5 years**	**5 to 10 years**	**Over 10 years**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Central government or central banks	**217.2**	**-**	**-**	**-**	**217.2**
Public sector entities	**-**	**-**	**-**	**-**	**-**
Multilateral development banks	**-**	**-**	**-**	**-**	**-**
Regional governments or local authorities	**-**	**-**	**-**	**-**	**-**
Institutions	**285.3**	**0.6**	**-**	**-**	**285.9**
Corporates	**110.9**	**8.2**	**-**	**-**	**119.1**
Equity	**-**	**-**	**-**	**30.4**	**30.4**
Other	**99.4**	**-**	**-**	**-**	**99.4**
Total credit risk exposure	**712.9**	**8.8**	**0.0**	**30.4**	**752.1**

	2025				
	Less than 1 year	1 to 5 years	5 to 10 years	Over 10 years	Total
	£m	£m	£m	£m	£m
Central government or central banks	115.7	-	-	-	115.7
Public sector entities	-	-	-	-	-
Multilateral development banks	-	-	-	-	-
Regional governments or local authorities	-	-	-	-	-
Institutions	166.5	0.9	-	-	167.4
Corporates	4.7	0.5	17.8	-	23.0
Equity	-	-	-	18.8	18.8
Other	95.9	-	-	-	95.9
Total credit risk exposure	382.7	1.4	17.8	18.8	420.8

8.4 Impairment adjustments

At 31 March 2026, for assets giving rise to credit risk, no adjustments were made in respect of impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received (31 March 2025: nil).

The Group's accounting policies concerning the treatment of impaired financial and non-financial assets are set out in its Annual Report for the year ended 31 March 2026.

9. Counterparty credit risk

9.1 Risk management

Counterparty credit risk forms a key component of the Group's overall risk appetite and is approved by the Board. The Group employs several metrics in support of this which are used to limit and monitor the credit risk exposures in accordance with credit risk management policies.

The Group is exposed to counterparty credit risk principally through derivative contracts and repurchase agreement contracts arising from its trading activities, and to a lesser extent from securities trading which supports the Group's market-making activities.

Counterparty credit risk methodology

Counterparty credit risk is assessed and limits are set in accordance with the Group's governance and methodology. Exposure is evaluated by determining the potential size of counterparty exposures which may arise from transactions together with an assessment of the creditworthiness of the obligor.

The potential size of counterparty credit risk is a function of both current and potential future exposures. Potential future exposures to a counterparty default, which may arise through securities trading, derivatives, and repurchase agreement contracts, are estimated using historical volatilities of key pricing variables to those contracts over their remaining life.

From internal capital and risk management perspectives, counterparty credit quality is assessed using external credit ratings where available, or alternatively an internal rating is assigned in accordance with internal credit rating methodology.

Counterparty credit limits are established in accordance with the Group's methodology for measuring counterparty credit risk, taking into account executed documentation with permissible netting and collateral management arrangements, and consistent with the overall credit risk appetite.

Counterparty credit risk mitigation

Risk mitigation techniques are used to reduce counterparty credit risks arising from the Group's activities. These techniques include the use of netting agreements, acceptance of collateral, application of haircuts, and execution of transactions with central counterparties whereby credit risk to individual counterparties is replaced by exposure to a central counterparty.

Derivative and repurchase agreement trading activity is undertaken using netting agreements on a collateralised basis, unless exceptions are approved in accordance with credit risk policies. Collateral arrangements are governed by standard agreements (such as Credit Support Annexes to International Swaps and Derivatives Association (ISDA) Master Agreements and Global Master Repurchase Agreements). The forms of collateral which may be accepted are subject to the Group's internal credit risk policies, which seek to ensure that in the event of counterparty default the value of collateral held is sufficient to compensate for losses arising from such default. Repurchase agreement trading activity is conducted using government securities as well as corporate securities as collateral. Collateral is revalued on a daily basis in accordance with collateral management procedures.

In order to recognise the effects of CRM, a number of conditions must be met, and in particular agreements must be legally enforceable and legal title to collateral must be passed to MHI. Once these conditions are satisfied the effect of collateral is reflected through the reduction in the measure of credit exposure.

Credit valuation adjustments are established in accordance with valuation policies for derivative and repurchase agreement transactions. Credit valuation adjustments concerning individual counterparties are based upon the potential size of exposures to those counterparties, taking account of legally enforceable netting and collateral agreements, together with market pricing of the creditworthiness of those counterparties.

Correlated risk
Correlated or wrong way risk arises where the probability of counterparty default is positively correlated to the risk of the underlying transaction. The Group adopts an integrated market risk and credit risk stress testing methodology which highlights correlated exposures across a range of scenarios.

Credit risk policies to limit acceptance of collateral issued by a connected entity to the transaction counterparty, and over-collateralisation have been implemented to mitigate wrong way risk. Wrong way risk is further controlled through the operation of a credit limit framework in respect of specific counterparties, groups of counterparties and countries.

9.2 Pillar 1 requirements

The Group's RWAs and Pillar 1 counterparty risk requirements, in respect of counterparty risk arising within trading and non-trading books, are set out in Table 27 as calculated under the SA-CCR for derivatives and FCCM for securities financing transactions.

Table 27: Counterparty credit RWAs and Pillar 1 capital requirements

	2026		2025	
	RWAs	**Pillar 1 capital requirements**	RWAs	Pillar 1 capital requirements
	£m	**£m**	£m	£m
Counterparty credit risk	**550.3**	**44.0**	682.4	54.6

The total counterparty credit risk RWA and Pillar 1 capital requirement includes default funds, settlement risk and CVA capital requirement.

9.3 Analysis of counterparty risk exposures

RWAs and exposures by product type
An analysis of counterparty credit risk RWAs and exposures as at 31 March 2026 by product type is given in Table 28.

Table 28: Counterparty credit RWAs and exposures by product type

	2026		2025	
	RWAs	**Credit risk exposure (1)**	RWAs	Credit risk exposure (1)
	£m	**£m**	£m	£m
Derivative contracts and Long-dated exposures	**68.2**	**310.5**	63.4	341.2
Securities financing contracts	**411.3**	**1,105.1**	557.9	1,343.4
Other	**70.8(2)**	**29.5(3)**	61.1(2)	35.6(3)
Total	**550.3**	**1,445.1**	682.4	1,720.1

(1) Credit risk exposure is shown as the credit exposure, calculated in accordance with Pillar 1 standard rules using the mark to market approach, less deductions in respect of CRM.

(2) Includes a credit valuation adjustment charge, settlement and delivery risk charges, default fund and Treasury Default Loss Allocation Regime contribution.

(3) Includes Treasury Default Loss Allocation Regime contribution, settlement and delivery risk charges and default fund.

Further analysis of credit risk exposure in respect of derivative contracts is given in Table 29 and shows the impact of netting benefits from legally enforceable netting agreements and collateral arrangements.

Table 29: Derivative counterparty credit risk exposures

	2026 **Credit risk exposure £m**	2025 Credit risk exposure £m
Gross positive fair value of derivative contracts	**17,670.2**	12,478.2
Potential future credit exposure	**173.4**	185.9
Netting benefits	**-17,549.1**	-12,342.6
Netted credit exposure on derivative contracts	**294.4**	321.5
Collateral (held) / placed	**9.0**	13.6
Long settlement	**7.1**	6.1
Total net derivatives credit risk exposure	**310.5**	341.2

Counterparty credit risk exposures by exposure class

An analysis of counterparty credit risk exposures as at 31 March 2026 by principal exposure class is given in Table 30.

Table 30: Counterparty credit risk exposures by exposure class

	2026 **Credit risk exposure £m**	2025 Credit risk exposure £m
Central government or central banks	**204.5**	57.3
Public sector entities	**7.5**	9.1
Multilateral development banks	**8.5**	28.1
Regional governments or local authorities	**-**	0.0
Institutions	**869.0**	1,138.3
of which: CCPs	***276.2***	*303.9*
Corporates	**355.5**	487.4
Equity	**-**	-
Other	**-**	-
Total	**1,445.1**	1,720.1

Counterparty credit risk exposures by credit quality

The Group has maintained a cautious approach with regard to the credit standing of its counterparties. An analysis of counterparty credit risk exposures as at 31 March 2026 by credit quality, in accordance with the credit quality steps used within the Pillar 1 Standardised Approach, is shown in Table 31.

Table 31: Counterparty credit risk exposures by credit quality step

	2026					
	Credit quality steps					
	1 £m	**2 £m**	**3 £m**	**4 £m**	**N/A [1] £m**	**Total £m**
Central government or central banks	**176.9**	**27.6**	**-**	**-**	**-**	**204.5**
Public sector entities	**7.5**	**-**	**-**	**-**	**-**	**7.5**
Multilateral development banks	**8.5**	**-**	**-**	**-**	**-**	**8.5**
Regional governments or local authorities	**-**	**-**	**-**	**-**	**-**	**-**
Institutions	**129.7**	**438.0**	**24.7**	**0.4**	**276.2**	**869.0**
of which: CCPs	***-***	***-***	***-***	***-***	***276.2***	***276.2***
Corporates	**24.9**	**28.8**	**0.0**	**-**	**301.8**	**355.5**
Equity	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**	**-**
Total credit risk exposure	**347.5**	**494.4**	**24.7**	**0.4**	**578.0**	**1,445.1**

	2025					
	Credit quality steps					
	1 £m	2 £m	3 £m	4 £m	N/A [1] £m	Total £m
Central government or central banks	28.9	28.4	0.0	-	-	57.3
Public sector entities	9.1	-	-	-	-	9.1
Multilateral development banks	28.1	-	-	-	-	28.1
Regional governments or local authorities	-	-	-	-	-	-
Institutions	169.8	555.4	109.2	-	303.9	1,138.3
of which: CCPs	-	-	-	-	*303.9*	*303.9*
Corporates	38.8	80.1	0.0	3.2	365.3	487.4
Equity	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total credit risk exposure	274.8	663.8	109.2	3.2	669.1	1,720.1

[1] Uniform regulatory treatment applied. Qualifying central counterparties attract a uniform 2% risk weighting from irrespective of credit quality.

External ratings are mapped according to the PRA's guidance[9] on the credit quality step assessment scale and applied to exposures.

The counterparty credit risk exposures described in the analysis above include credit derivative contracts which give rise to counterparty credit risk exposure to the counterparty to the contract.

9.4 Notional value of credit derivative transactions

Table 32 shows the notional value of the credit derivative transactions outstanding as at 31 March 2026, arising in respect of the Group's own credit portfolio or through intermediation activities. Transactions in respect of the Group's own credit portfolio comprise both hedges of market risk associated with trading inventory and hedges used in connection with the issuance of structured notes.

[9] After UK's withdrawal from the EU, the responsibilities of mapping External Credit Assessment Institutions (ECAIs) credit assessments under the CRR were transferred to the PRA.

Table 32: Notional value of credit derivative transactions

	2026		2025	
	Own credit portfolio		Own credit portfolio	
Notional value of outstanding transactions	**Protection purchased £m**	**Protection sold £m**	Protection purchased £m	Protection sold £m
Credit default swaps	**8,275.2**	**7,700.0**	27,011.7	26,010.1

10. Operational risk

10.1 Risk management

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

Operational risk tolerance forms a component of the Group's overall risk appetite and is approved by the Board.

The principal operational risks to which the Group is exposed include technology failures (including cyber-attack), fraud, human error, the creation of unauthorised credit or market risks, regulatory breaches, and litigation.

Operational risk exposures are assessed and measured using a variety of approaches including risk and control self-assessments, the setting and reporting of key operational risk indicators, internal loss event reporting, external loss event capture and scenario stress testing.

Operational risk is reviewed, assessed and monitored against defined tolerance statements via the Group's corporate governance structure. In addition, the Group maintains and tests contingency facilities to support operations in the event of business disruption and has purchased insurance where required by law or regulation and to address selected business risks.

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

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

10.2 Pillar 1 requirements

As at 31 March 2026, the Pillar 1 capital requirement in respect of operational risk was £51.6m (2025: £40.5.m) as calculated under the basic indicator approach.

11. Liquidity risk

11.1 Risk management

Liquidity risk is the risk that the Group does not have sufficient capital and funding resources to meet its financial contractual obligations as they fall due. Liquidity risk can result from a lack of availability of external funding, and the inability to convert securities into cash to meet ongoing funding requirements.

Strategies and processes in the management of liquidity risk

The Group's management of liquidity risk aims to ensure that there are sufficient liquid resources, both in amount and quality, to enable the Group to meet financial contractual obligations as they fall due, even during times of idiosyncratic and/or market stress. The Group maintains liquidity greater than regulatory and internal risk appetite requirements.

The Group's business model is simple, largely cash-based, with derivatives predominantly being of a vanilla and cleared nature, has access to diverse funding sources, allocates funding costs to businesses in a transparent and effective way, and has a comprehensive limit and control framework to protect against liquidity risks in excess of appetite.

The Group further mitigates liquidity risks through maintenance of HQLAs in a segregated portfolio under the control of its Treasury & Funding function, as well as holding additional HQLA-eligible unencumbered assets elsewhere across the firm but under the operational control of Treasury & Funding.

The Group performs stress testing of their liquidity risk positions; a dynamic and forward-looking approach is taken for internal liquidity stress scenarios and their underlying assumptions. Reporting of liquidity risks and associated stress testing is undertaken routinely by the Stress Testing Committee and the Risk Management Committee and the Asset & Liability Committee. Significant matters are escalated to the Board Risk & Sustainability Committee and the Board.

The Group considers the effects of a range of stress scenarios to include market, idiosyncratic and combined iterations and this modelling concludes that MHI has sufficient available liquidity resources to manage the outflow obligations which may arise in such stressed conditions.

Structure and organisation of the liquidity risk management function

Liquidity risk appetite is a component of the Group's overall risk appetite and is set and approved by the Board. The Board delegates responsibility over the day-to-day management of liquidity risk to the Executive Committee who in turn empower the Asset & Liability Committee with responsibility for the day-to-day management of liquidity risk. Responsibility for liquidity risk oversight is delegated to the Board Risk & Sustainability Committee, to which the CRO is accountable. The CRO is supported by Risk Management Department, chairs the Risk Management Committee and Stress Testing Committee and is a member of the Asset & Liability Committee.

The Group adopts a three lines of defence model in the management of liquidity risk:

- The first line of defence is primarily accountable for liquidity risk on an operational level. This is led by Treasury & Funding and Operations with collaboration from all other Front Office personnel;
- The second line of defence is primarily accountable for liquidity risk oversight. This comprises Liquidity Risk Management and Regulatory Reporting;
- The third line of defence of Internal Audit provides assurance over the risk management framework and is totally independent of both first and second lines of defence.

Scope and nature of liquidity risk reporting and measurement systems
Robust systems, procedures and a comprehensive set of policies ensure that liquidity regulatory reporting and risk oversight metrics are produced in compliance with the internal and regulatory requirements.

Adequacy of liquidity risk management arrangements
The Group produces and maintains an ILAAP document detailing how principal liquidity risks are assessed, quantified, and managed. Further, these documents highlight the Group's approach to determining the minimum level of liquidity resources required to be maintained to mitigate those risks in line with its overall liquidity risk management and liquidity risk appetite, approved by the Board.

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

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

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

11.2 Liquidity Coverage Ratio

Disclosures on the Group's liquidity buffer, total net cash outflows and LCR averaged over the 12 months to 31 March 2026 are presented in Table 33.

Table 33: LCR disclosure template

Quarter ending on:	**30-Jun-25**	**30-Sep-25**	**31-Dec-25**	**31-Mar-26**
	Total adjusted value £m (1)			
Liquidity buffer	**2,084.3**	**2,016.9**	**1,979.2**	**1,931.8**
Total net cash outflow	**862.3**	**792.9**	**730.1**	**720.8**
Liquidity Coverage Ratio (%)	**248.9%**	**257.7%**	**275.6%**	**272.4%**

Quarter ending on:	30-Jun-24	30-Sep-24	31-Dec-24	31-Mar-25
	Total adjusted value £m (1)			
Liquidity buffer(2)	2,014.2	2,078.0	2,097.9	2,056.1
Total net cash outflow	850.4	894.9	909.6	891.2
Liquidity Coverage Ratio (%)	239.2%	237.7%	234.5%	236.5%

(1) Twelve data points used in the calculation of averages.

(2) Liquidity buffer values for the year ended 31 March 2025 were reported from latest to earliest value and therefore not under the right headings. Comparative values have been restated in the correct order.

11.3 Net Stable Funding Ratio

In line with PRA requirements, institutions shall ensure that long-term assets and off-balance sheet items are adequately met with a diverse set of funding sources that are stable under both normal and stressed conditions.

From January 2022, institutions were required to maintain a NSFR of at least 100%, calculated in the reporting currency for all transactions. A 365-day measure, assessing the amount of stable long-term funding held, against the amount of long-term funding required considering assets and off-balance sheet activities. Balance sheet positions are weighted with pre-defined funding factors.

MHI has adopted its internal limits and risk appetite framework accordingly as the Group is committed to ensuring that full compliance with regulatory requirements is maintained.

The Group’s NSFR as at 31 March 2026 was 147.4% (2025: 122.5%).

11.4 Asset encumbrance

The secured and unsecured wholesale market, together with the debt issuance programme, is the prime funding source for the Group. The Group provides securities financing transactions and collateralised borrowing as part of its repurchase agreement business and these result in off-balance sheet encumbrance. Another form of encumbrance is pledging securities with central counterparties to facilitate trading activities and meet initial margin requirements. Assets on the balance sheet are considered encumbered when they have been pledged or used to secure or collateralise a transaction that impacts their transferability. Treasury & Funding control the funding strategies for assets and monitor asset encumbrance levels daily.

Reporting institutions with a regulatory encumbrance ratio greater than 15% are required to submit asset encumbrance returns. As such MHI reports its asset encumbrance information to the PRA on a quarterly basis using standard templates. MHI submits seven of the nine reporting templates due to its total encumbrance ratio and total assets being above the 30bn EUR threshold.

Encumbrance disclosures for the Group in the following tables are disclosed in accordance with Commission Delegated Regulation (EU) 2017/2295[10], which was on shored after the UK’s withdrawal from the EU.

[10] Commission Delegated Regulation (EU) 2017/2295 of 4 September 2017 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets.

Table 34: Encumbered and unencumbered assets

As at 31 March 2026		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
£m			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		10	30	40	50	60	80	90	100
10	**Assets of the reporting institution**	**3,102.3**	**2,063.6**			**20,875.7**	**10,118.5**		
30	Equity instruments	**-**	**-**			**29.6**	**0.0**	**29.6**	**-**
40	Debt securities	**2,818.7**	**2,063.6**	**2,847.6**	**2,081.2**	**2,109.1**	**1,708.3**	**2,125.1**	**1,719.6**
50	of which: covered bonds	**84.7**	**84.7**	**85.3**	**85.3**	**122.2**	**122.2**	**123.1**	**123.1**
60	of which: securitisations	**219.5**	**-**	**222.8**	**-**	**90.3**	**-**	**91.1**	**-**
70	of which: issued by general governments	**1,259.7**	**1,234.6**	**1,268.2**	**1,242.3**	**1,063.6**	**997.6**	**1,070.2**	**1,003.1**
80	of which: issued by financial corporations	**1,006.7**	**608.8**	**1,020.7**	**615.7**	**728.9**	**598.3**	**736.5**	**604.3**
90	of which: issued by non-financial corporations	**154.7**	**94.1**	**156.0**	**94.9**	**105.2**	**41.4**	**106.3**	**41.8**
120	Other assets	**273.0**	**-**			**18,854.4**	**8,313.9**		

As at 31 March 2025		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
£m			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		10	30	40	50	60	80	90	100
10	**Assets of the reporting institution**	3,300.8	2125.5			20,720.2	9,717.7		
30	Equity instruments	-	-	-	-	18.9	-	18.9	-
40	Debt securities	2970.4	2125.5	3,000.2	2,100.8	2,392.5	1,878.7	2,410.2	1,890.2
50	of which: covered bonds	37.8	32.6	38.1	32.9	205.2	181.3	206.4	182.4
60	of which: securitisations	175.1	-	176.8	-	31.3	-	31.7	-
70	of which: issued by general governments	1,219.0	1,198.9	1,229.2	1,163.7	880.6	843.8	884.7	847.4
80	of which: issued by financial corporations	1,076.0	611.3	1,088.3	618.5	974.5	690.2	983.0	696.0
90	of which: issued by non-financial corporations	289.1	190.5	292.6	192.9	294.7	160.2	297.5	161.5
120	Other assets	337.5	0.8			22,044.6	8,789.7		

EHQLA: assets of extremely high liquidity and credit quality

Note: In line with PRA disclosure template ‘UK AE1 - Encumbered and unencumbered assets’.

Table 35: Collateral received

£m		As at 31 March 2026				As at 31 March 2025			
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance		Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		10	30	40	60	10	30	40	60
130	**Collateral received by the reporting institution**	**10,089.7**	**8,987.7**	**912.5**	**387.6**	9,677.8	8,218.0	826.2	478.5
140	Loans on demand	**-**	**-**	**-**	**-**	-	-	-	-
150	Equity instruments	**15.0**	**5.3**	**0.9**	**0.5**	5.0	2.9	1.5	1.2
160	Debt securities	**10,071.4**	**8,983.4**	**911.7**	**387.0**	9,672.9	8,215.1	821.8	477.3
170	of which: covered bonds	**146.0**	**146.0**	**4.6**	**4.6**	196.8	196.8	7.0	7.0
180	of which: securitisations	**143.8**	**-**	**142.9**	**-**	278.9	-	57.5	-
190	of which: issued by general governments	**8,075.8**	**7,955.2**	**364.6**	**289.7**	6,862.4	6,757.6	388.5	288.3
200	of which: issued by financial corporations	**1,288.4**	**680.2**	**170.5**	**19.9**	1,718.8	989.1	205.5	80.5
210	of which: issued by non-financial corporations	**274.9**	**147.7**	**149.6**	**72.2**	454.0	266.8	169.1	99.1
220	Loans and advances other than loans on demand	**-**	**-**	**-**	**-**	-	-	-	-
230	Other collateral received	**-**	**-**	**-**	**-**	-	-	-	-
231	of which: ...	**-**	**-**	**-**	**-**	-	-	-	-
240	Own debt securities issued other than own covered bonds or asset-backed securities	**42.7**	**-**	**-**	**-**	-	-	-	-
241	Own covered bonds and asset-backed securities issued and not yet pledged	**-**	**-**	**-**	**-**			-	-
250	Total assets, collateral received and own debt securities issued	**13,228.4**	**11,026.1**	**-**	**-**	13,023.9	10,616.0		

Note: In line with PRA disclosure template 'UK AE2 - Collateral received and own debt securities issued'.

Table 36: Encumbered assets/collateral received and associated liabilities

		2026		2025	
		Matching liabilities, contingent liabilities or securities lent	Asset, collateral received and own debt securities issued other than covered bonds and ABSs encumbered	Matching liabilities, contingent liabilities or securities lent	Asset, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
£m		10	30	10	30
10	Carrying amount of selected financial liabilities	**8,140.1**	**9,716.5**	7,993.5	9,990.8

ABSs: asset-backed securities

Note: In line with PRA disclosure template 'UK AE3 - Sources of encumbrance'.

12. Remuneration

12.1 The Remuneration Committee

As part of MHI's corporate governance arrangements the Board has established a Remuneration Committee ("RemCo") to oversee the remuneration policies and practices. The RemCo members are appointed by the Board and solely comprise of Independent Non-Executive Directors; the committee reports to the Board through its Chair. In addition to setting the overall remuneration policy and philosophy, the RemCo ensures the appropriate governance regarding remuneration of employees and in particular Material Risk Takers (MRTs). The RemCo receives regular input from multiple stakeholders including Chief Human Resources Officer (CHRO), Chief Risk Officer (CRO), and the Chief Financial Officer (CFO). The RemCo includes cross membership with Board Risk and Audit & Compliance Committees, and the committee has the authority to appoint external, independent advisors to consult on any remuneration matters.

Between 1 April 2025 and 31 March 2026, the RemCo held six meetings.

12.2 Remuneration policy

MHI maintains a remuneration policy that applies to all employees, including staff seconded from other entities within the Mizuho Financial Group, Inc. The policy takes into account the PRA and FCA's Remuneration Codes and associated guidance, as well as the EBA Guidelines on Sound Remuneration Policies. It is designed to support effective risk management while retaining flexibility to respond to external developments, including future legislative or regulatory changes.

The policy also provides a market-based remuneration framework that enables the Group to attract and retain high calibre staff, while promoting fairness and consistency across the employment lifecycle and supporting the Group's high standards of governance, control and risk management.

The remuneration policy and its implementation are reviewed and approved annually by the RemCo. Any changes to the policy take effect upon approval by the RemCo and are subject to ratification by the Board.

12.3 Material Risk Takers

Material Risk Takers ("MRTs") are defined as staff whose professional activities may have a material impact on MHI's risk profile, taking into account the criteria set out in applicable UK regulatory requirements, including the Remuneration Part of the PRA Rulebook and SYSC 19D of the FCA Handbook, as well as any supplementary guidance. MHI has established additional internal criteria reflecting the principal risks of the firm, against which staff are also assessed for identification as MRTs.

A list of MRTs is maintained by the Human Resources department. All identified employees are formally notified of their MRT status and the implications associated with such designation. As at 31 March 2026 for the fiscal year 2025/26, 59 active members of staff were identified as MRTs.

12.4 Control functions

Staff in control functions operate independently from the business units they oversee, are vested with appropriate authority, and are remunerated primarily based on the achievement of the objectives applicable to their functions, independently of the performance of the business units they oversee.
The remuneration of the heads of those control functions is subject to approval by the RemCo.

12.5 The link between pay and performance

The remuneration policy is designed to align employee remuneration with performance and to support and promote shareholder interests by incentivising employees to deliver sustained performance and long-term value in line with MHI's strategic goals. The policy is made available to all employees on the intranet.

A Remuneration Sub-group, comprising the Chief Human Resources Officer, the Head of Legal & Compliance, the Chief Financial Officer, the Chief Risk Officer and a representative from Internal Audit, meets regularly (typically four times per year) to consider a range of remuneration related matters including behaviour, conduct and risk-related events.

In its role supporting the RemCo, the Sub-Group reviews matters relating to individual activities and/or conduct and assesses whether risk adjustment to variable remuneration may be appropriate. These considerations are reflected in management assessments or, where appropriate, escalated to the RemCo with a recommendation on the application and quantum of any adjustment to variable remuneration.

The RemCo takes into account information on corporate performance and risk management in determining the appropriateness of discretionary remuneration outcomes, including for MRTs. The level of discretionary variable remuneration is determined in consultation with MHI's parent company, Mizuho Securities Co., Ltd., with final approval by the RemCo.

Bonus pool determination

Bonus pools are determined to reward performance that contributes to sustainable shareholder value, reflects progress against the firm's strategic goals, and supports a strong risk and control environment. Mizuho assesses performance on a holistic basis, taking into account a range of financial and non-financial factors aligned to long-term value generation and avoidance of inappropriate risk taking.

All variable remuneration is discretionary and will only be awarded where it is sustainable in the context of the firm's financial position and does not compromise the soundness of the capital base.

The total level of discretionary variable remuneration is determined with reference to management accounting profit before bonus and tax, and is subsequently adjusted to reflect both quantitative and qualitative considerations. This includes the application of risk adjustment process, incorporating both financial and non-financial risk indicators, to ensure that remuneration outcomes are aligned with the firm's risk profile. The final outcome is subject to oversight and approval by the RemCo, including consideration of ex-post risk adjustment where appropriate.

Individual performance

The staff appraisal framework ensures that an individual's behaviour, including adherence to risk management, control and compliance requirements, is appropriately taken into account, and that performance assessments are not based solely on financial outcomes.

Performance is assessed through a Balanced Scorecard framework, under which individual performance is evaluated across both financial and non-financial measures. The Balanced Scorecard Appraisal consists of the following:

1. Financial, Strategic & Operational (70%); assessment against goals set at the beginning of the financial year, including delivery against financial, strategic and operational priorities. For Front Office staff, financial goals are subject to a maximum weighting of 50% of the overall performance assessment;
2. Global Values (30%); assessment against Mizuho's 5 Global Values; Integrity, Passion, Agility, Creativity and Empathy, each representing 6% of the overall assessment outcome.

Individual performance is assessed using a rating scale of 1 (Below Expectations) to 5 (Greatly Exceeds Expectations).

The Balance Scorecard appraisal is used to determine overall performance ratings and supports determination of individual remuneration outcomes. Where material risk, control or conduct issues are identified, including through the Remuneration Sub-Group, risk adjustment may be applied to discretionary remuneration, including reductions of up to 100% through the application of malus.

All permanent employees are eligible for consideration of discretionary remuneration, subject to a minimum service requirement during the performance year. No formulaic discretionary remuneration is awarded by MHI.

12.6 The design characteristics of the remuneration scheme

Fixed remuneration
Fixed remuneration primarily reflects an employee's professional experience and organisational responsibility, as set out in the employee's job description and terms of employment. Fixed remuneration comprises base salary, benefits, pension and, where applicable, any allowances.

Variable compensation
Variable remuneration is discretionary, conditional and contingent upon the achievement of sustainable and risk-adjusted performance in excess of that required to fulfil the employee's role. Performance is assessed across a range of quantitative and qualitative measures. For Front Office employees, this includes revenue generation alongside adherence to risk, control and conduct standards. For control and support functions, performance is assessed with reference to operational efficiency and resilience.

Variable remuneration is only awarded where it is sustainable in the context of MHI's financial position and is justified by individual, departmental, MHI or wider Mizuho Financial Group, Inc. performance. Revenue used in performance assessment is subject to risk-adjustment to ensure that outcomes reflect sustainable performance within the firm's risk appetite and limits.

Awards of variable remuneration remain subject to adjustment, reduction or forfeiture including down to zero, at the discretion of the firm.

Risk adjustment
Risk adjustment is applied at both the bonus pool and individual levels to ensure that remuneration outcomes are aligned with the firm's risk profile and risk appetite. The CRO and the CFO provide independent input into the determination of risk-adjusted outcomes, including recommending adjustments to the bonus pool to reflect the extent to which performance has been achieved in line with risk appetite, risk adjusted returns and financial sustainability. The CRO and CFO may also recommend further adjustments to reflect emerging future risks, or where individual or business activities are not aligned with the firm's strategy, risk appetite or regulatory expectations, including in relation to conduct or regulatory risk events. Such recommendations are considered by the RemCo in determining final remuneration outcomes.

Deferral policy
During the financial year April 2025 to March 2026 variable pay for MRTs and certain other staff was subject to deferral arrangements.

For MRTs who were not subject to the de-minimis concession, a proportion of variable remuneration was deferred in accordance with applicable regulatory requirements. With effect from FY25 awards, deferral is applied at a rate of 40% of variable remuneration up to £660,000 and 60% for amounts above this threshold, with deferred awards vesting over a minimum period of four years.

At least 50% of any variable remuneration awarded to Material Risk Takers is delivered in instruments linked to Mizuho Financial Group, Inc. (MHFG) shares. This requirement is applied at the total variable remuneration level, in line with regulatory requirements and any non-deferred share awards are subject to a twelve-month retention period.

For other staff subject to the deferral arrangements (including MRTs who fall within the de-minimis concession), a proportion of variable remuneration is deferred over a three-year period in line with internal policy thresholds. 1 MRT was deemed de-minimis for 2025/2026 performance year[11].

Guarantees

Guaranteed variable remuneration may be awarded only in exceptional circumstances, typically in connection with the recruitment of a new employee where the individual forfeits variable remuneration upon leaving previous employer. Any such awards are subject to applicable regulatory requirements and are limited to the first year of the new employee's service.

Any guaranteed variable remuneration is subject to the same requirements as other elements of variable remuneration, including deferral, performance conditions and risk adjustment, and is included in the calculation of the fixed to variable remuneration ratio.

Severance payments

Any payments related to early termination of employment are determined in a manner to reflect performance over time and are designed not to reward failure or misconduct taking into account applicable regulatory requirements.

The RemCo approves all termination payments made to Material Risk Takers.

Malus and clawback

MHI applies ex post risk adjustment to variable remuneration through malus during the deferral period and clawback following vesting, in accordance with applicable legal, regulatory and internal policy requirements. Deferred variable remuneration remains subject to malus prior to vesting and may be reduced, cancelled or forfeited, in whole or in part, at the discretion of the RemCo. Variable remuneration, whether deferred or non-deferred and including cash and share-based awards, may also be subject to clawback for a period of up to seven years from the date of award, which period may be extended to up to ten years for PRA or FCA-designated Senior Managers where, at the end of the seven-year period, an internal or regulatory investigation is ongoing that could result in the application of clawback. The criteria for the application of malus and/or clawback include, but are not limited to, misconduct, material error, material failure of risk management, significant losses, a restatement or recalculation of financial performance, failure to meet appropriate standards of fitness and propriety, circumstances giving rise to a Reduction Notice, and any other circumstance required by law or regulation.

In determining whether malus or clawback should be applied, the RemCo may take into account matters arising at any time and may revisit prior determinations where necessary to ensure remuneration outcomes appropriately reflect the impact of such matters over time. Any recovery may, to the extent permitted by law and applicable contractual arrangements, be effected through reduction of unvested awards, deduction from salary or other sums due, direct repayment by the individual, or the sale of shares held on the individual's behalf.

Personal Hedging Strategies

Employees must not use personal hedging strategies or liability–related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements. FX-related hedging strategies or FX liability-related contracts of insurance may be permitted, subject to prior notification to and approval from Compliance and Human Resources.

Relevant staff are required to confirm, on an annual basis, that they will not enter into such prohibited personal hedging strategies or liability-related contracts of insurance.

[11] Due to confidentiality and data privacy concerns, the amount of fixed and variable compensation for this MRT is not disclosed.

12.7 Fixed to variable ratio

The ratio of variable to fixed remuneration is monitored to ensure an appropriate balance between the two components. MHI ensures that fixed and variable components of total remuneration are appropriately balanced.

In the financial year of 2024/2025, following the removal of the bonus cap requirement in the UK, the appropriate ratios of fixed to variable compensation were approved by the RemCo. These ratios have remained unchanged since approval.

12.8 Quantitative disclosures (MHI Group)

Remuneration disclosures for the Group in the following tables are disclosed in accordance with Annex XXXIII of PRA Rulebook, Disclosure (CRR) Part.

Table 37: Aggregate MRT remuneration by type of award

UK REM1		**2026**			2025			
MRT aggregate remuneration	**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**	MB Supervisory function	MB Management function	Other senior management	Other identified staff
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Number of identified staff	**4**	**6**	**12**	**37**	4	5	12	38
Total fixed remuneration	**0.7**	**1.7**	**5.5**	**13.6**	0.7	2.4	5.6	13.6
Of which: cash-based	**0.7**	**1.7**	**5.5**	**13.6**	0.7	2.4	5.6	13.6
Of which: shares or equivalent ownership interests	**-**	**-**	**-**	**-**	-	-	-	-
Of which: share-linked instruments or equivalent non-cash instruments	**-**	**-**	**-**	**-**	-	-	-	-
Of which: other instruments	**-**	**-**	**-**	**-**	-	-	-	-
Of which: other forms	**-**	**-**	**-**	**-**	-	-	-	-
Number of identified staff	**-**	**6**	**12**	**37**	-	4	12	36
Total variable remuneration	**-**	**1.7**	**4.0**	**12.0**	-	1.9	4.9	11.3
Of which: cash-based	**-**	**0.8**	**2.0**	**6.1**	-	1.0	2.5	5.7
Of which: deferred	**-**	**-**	**-**	**-**	-	0.4	1.2	2.9
Of which: shares or equivalent ownership interests	**-**	**0.8**	**2.0**	**5.9**	-	1.0	2.4	5.6
Of which: deferred	**-**	**0.8**	**1.8**	**4.9**	-	0.5	1.3	2.7
Of which: other instruments	**-**	**-**	**-**	**-**	-	-	-	-
Of which: deferred	**-**	**-**	**-**	**-**	-	-	-	-
Of which: other forms	**-**	**-**	**-**	**-**	-	-	-	-
Of which: deferred	**-**	**-**	**-**	**-**	-	-	-	-
Total remuneration	**0.7**	**3.3**	**9.6**	**25.5**	0.7	4.3	10.5	24.9

Table 38: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

UK REM2		**2026**			2025			
MRT special payments	**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**	MB Supervisory function	MB Management function	Other senior management	Other identified staff
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Guaranteed variable remuneration awards								
Number of identified staff	**-**	**1**	**-**	**1**	-	-	3	2
Guaranteed variable remuneration awards -Total amount[1]	**-**	**-**	**-**	**-**	-	-	0.6	0.9
Total amount	**-**	**-**	**-**	**-**	-	-	3	2
Severance payments awarded in previous periods, that have been paid out during the financial year								
Number of identified staff	-	-	-	-	**-**	**-**	**-**	**-**
Total amount	-	-	-	-	**-**	**-**	**-**	**-**
Severance payments awarded during the financial year								
Number of identified staff	**-**	**-**	**-**	**4**	-	-	2	-
Total amount	**-**	**-**	**-**	**0.7**	-	-	-	-
Of which paid during the financial year	**-**	**-**	**-**	**-**	-	-	-	-
Of which deferred	**-**	**-**	**-**	**-**	-	-	-	-
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	**-**	**-**	**-**	**-**	-	-	-	-
Of which highest payment that has been awarded to a single person	**-**	**-**	**-**	**0.3**	-	-	-	-

[1] Individual amount not disclosed due to confidentiality reasons

Table 39: Deferred remuneration

UK REM3			**2026**			
Deferred and retained remuneration	**Total amount of deferred remuneration awarded for previous performance periods £m**	**Of which due to vest in the financial year £m**	**Of which vesting in subsequent financial years £m**	**Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) £m**	**Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year £m**	**Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods £m**
MB Supervisory function	**-**	**-**	**-**	**-**	**-**	**-**
MB Management function	**7.3**	**2.1**	**5.3**	**0.0**	**0.0**	**0.0**
Cash-based	**5.3**	**2.1**	**3.3**	**-**		**-**
Shares or equivalent ownership interests	**2.0**	**0.0**	**2.0**	**0.0**	**0.0**	**0.0**
Other senior management	**9.5**	**2.4**	**7.1**	**1.6**	**1.6**	**0.3**
Cash-based	**4.9**	**0.9**	**4.0**	**-**	**-**	**-**
Shares or equivalent ownership interests	**4.6**	**1.5**	**3.1**	**1.6**	**1.6**	**0.3**
Other identified staff	**27.4**	**10.2**	**17.2**	**3.7**	**2.8**	**1.9**
Cash-based	**18.6**	**7.8**	**10.9**	**-**	**-**	**-**
Shares or equivalent ownership interests	**8.7**	**2.4**	**6.3**	**3.7**	**2.8**	**1.9**
Total remuneration	**44.2**	**14.6**	**29.6**	**5.3**	**4.3**	**2.2**

Note: In line with PRA disclosure template ‘UK REM3: Deferred remuneration’. Only columns and rows relevant to the Group are shown in Table 39, remaining columns and rows from the PRA disclosure template have been left out as these are nil columns and rows.

UK REM3	2025					
Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods £m	Of which due to vest in the financial year £m	Of which vesting in subsequent financial years £m	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) £m	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year £m	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods £m
MB Supervisory function	-	-	-	-	-	-
MB Management function	4.5	0.7	3.8	0.4	0.5	0.7
Cash-based	1.6	0.2	1.4	-	-	-
Shares or equivalent ownership interests	2.9	0.5	2.4	0.4	0.5	0.7
Other senior management	13.3	2.1	11.2	1.0	1.5	1.6
Cash-based	5.2	0.6	4.5	-	-	-
Shares or equivalent ownership interests	8.2	1.5	6.7	1.0	1.5	1.6
Other identified staff	18.6	4.4	14.1	6.5	2.7	2.8
Cash-based	7.6	1.7	5.9	-	-	-
Shares or equivalent ownership interests	11.0	2.7	8.2	6.5	2.7	2.8
Total remuneration	36.4	7.3	29.1	7.9	4.7	5.1

Table 40: Remuneration of 1 million EUR or more per year

UK REM4 Identified staff that are high earners as set out in Article 450(i) CRR

Payment bands (EUR)	**2026**	2025
1,000,000 to below 1,500,000	**8**	4
1,500,000 to below 2,000,000	**3**	3
2,000,000 to below 2,500,000	**2**	-
2,500,000 to below 3,000,000	**-**	-
above 3,000,000	**-**	-

Table 41: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

UK REM5

2026	**Management body remuneration**			**Business areas**			
MRT aggregate remuneration	**MB Supervisory function**	**MB Management function**	**Total MB**	**Investment banking**	**Corporate functions**	**Independent internal control functions**	**Total**
Total number of identified staff	**4**	**6**	**10**	**32**	**8**	**9**	**59**
Of which: members of the MB	**4**	**6**	**10**	**-**	**-**	**-**	**-**
Of which: other senior management	**-**	**-**	**-**	**4**	**5**	**3**	**-**
Of which: other identified staff	**-**	**-**	**-**	**28**	**3**	**6**	**-**
Total remuneration of identified staff (£m)	**0.7**	**3.3**	**4.1**	**26.1**	**4.6**	**4.4**	**39.2**
Of which: variable remuneration	**0**	**1.7**	**1.7**	**12.9**	**1.8**	**1.3**	**-**
Of which: fixed remuneration	**0.7**	**1.7**	**2.4**	**13.3**	**2.8**	**3.1**	**-**
2025							
Total number of identified staff	4	5	9	-	-	-	59
Of which: members of the MB	4	5	9	-	-	-	-
Of which: other senior management	-	-	-	2	7	3	-
Of which: other identified staff	-	-	-	26	4	8	-
Total remuneration of identified staff (£m)	0.7	4.3	5.1	23.5	6.6	5.3	40.5
Of which: variable remuneration	-	1.9	1.9	12.6	2.1	1.6	-
Of which: fixed remuneration	0.7	2.4	3.1	10.9	4.6	3.8	-

Note: In line with PRA disclosure template 'UK REM5: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)'. Only columns relevant to the Group are shown in Table 39, remaining columns from the PRA disclosure template have been left out as these are nil columns.

Appendix 1: Capital instruments main features

#	Features	CET1
1	Issuer	Mizuho International plc
2	Unique identifier (e.g. CUSIP, ISIN, or Bloomberg identifier for private placement)	BBG000N27XG2
2a	Public or private placement	Private
3	Governing law(s) of the instrument	English Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1
5	Post-transitional CRR rules	CET1
6	Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Common shares
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	GBP 679.8 million
9	Nominal amount of instrument	GBP 809.9 million
9a	Issue price	n/a
9b	Redemption price	n/a
10	Accounting classification	Shareholders' equity
11	Original date of issuance	n/a
12	Perpetual or dated	Perpetual
13	Original maturity date	n/a
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	n/a
16	Subsequent call dates, if applicable	n/a
Coupons / dividends		
17	Fixed or floating dividend/coupon	n/a
18	Coupon rate and any related index	n/a
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a
25	If convertible, fully or partially	n/a
26	If convertible, conversion rate	n/a
27	If convertible, mandatory or optional conversion	n/a
28	If convertible, specify instrument type convertible into	n/a
29	If convertible, specify issuer of instrument it converts into	n/a
30	Write-down feature	No
31	If write-down, write-down trigger(s)	n/a
32	If write-down, full or partial	n/a
33	If write-down, permanent or temporary	n/a
34	If temporary write-down, description of write-down mechanism	n/a
34a	Type of subordination (only for eligible liabilities)	n/a
34b	Ranking of the instrument in normal insolvency proceedings	n/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The most subordinated claim
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	n/a
37a	Link to the full term and conditions of the instrument (signposting)	n/a

Note: In line with PRA disclosure template 'UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments'.