

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings assigns A1/P-1 issuer ratings to Mizuho Bank Europe; outlook stable**

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04 Dec 2024

Tokyo, December 04, 2024 -- Moody's Ratings (Moody's) has assigned A1 long-term (LT) and P-1 short-term (ST) domestic and foreign currency issuer ratings to Mizuho Bank Europe N.V. (MBE). Concurrently, we have assigned A1 LT and P-1 ST domestic and foreign currency Counterparty Risk (CR) Ratings, A1(cr) LT and P-1(cr) ST CR Assessments, a baseline credit assessment (BCA) of baa1 and an Adjusted BCA of baa1 to MBE.

The outlook on the LT issuer ratings of MBE is stable.

#### RATINGS RATIONALE

MBE's A1 LT and P-1 ST ratings as well as baa1 BCA and adjusted BCA are aligned with those of its parent Mizuho Bank, Ltd. (MHBK, LT deposits A1 stable, senior unsecured A1 stable, BCA baa1) because we consider MBE a highly integrated subsidiary of MHBK. MBE is strategically important to its parent given its role in providing financial services in continental Europe to the Japanese and global clients of MHBK's parent Mizuho Financial Group, Inc. (Mizuho, A1 stable).

MBE's business strategy, funding, liquidity, day-to-day operations and risk management are fully integrated with MHBK's, particularly through its London branch. These considerations make MBE's credit profile inseparable from its parent's and hence do not warrant a standalone assessment. MBE's total assets accounted for around 0.3% of MHBK's total assets as of the end of March 2024. The bank will likely continue to account for limited portion of MHBK's total assets, even after transitioning to a universal bank and integrating its operations with MHBK's other European branches and the regional securities subsidiary of Mizuho Securities Co., Ltd. (A1 stable) – Mizuho's main securities subsidiary.

We expect MHBK and other companies under Mizuho to continue supporting MBE's funding. Specifically, MBE will continue to get most of its long-term funding from Mizuho group, especially through MHBK London branch, when needed.

We view MBE as a highly integrated subsidiary of MHBK and therefore assigns a BCA and adjusted BCA of baa1 to MBE in line with MHBK's BCA and adjusted BCA.

Given MBE's very high degree of integration in MHBK and the expected small amount of external unsecured funding relative to its total liabilities, we do not foresee a resolution scenario at MBE as a standalone entity but rather in the context of the resolution of the overall group. Consequently, MBE's Loss Given Failure (LGF) analysis is consistent with the Basic LGF analysis applied to the parent company, resulting in no LGF uplift from the adjusted BCA for issuer ratings, and one notch uplift for the CR Assessment and Ratings.

For the same aforementioned reasons, we believe MBE's senior creditors will benefit from the same very high probability of support from the Government of Japan (A1 stable) as the parent company, given the Mizuho group's importance to Japan's financial system as the country's one of the largest financial groups in terms of total assets. This results in government support uplift of three notches for the issuer ratings and of two notches for the CR Assessment and Ratings.

Under our environmental, social and governance (ESG) framework, the agency considers governance a key rating driver of today's rating action. MBE's corporate governance including its financial strategy and risk management is fully aligned with MHBK's and Mizuho's and we do not have any particular governance concerns for the bank.

The outlook on the LT issuer ratings of MBE is stable, mirroring the stable rating outlook on its parent MHBK.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

As the ratings are aligned with that of MHBK, we could upgrade MBE's ratings if MHBK's rating is upgraded.

Conversely, we could downgrade MBE's ratings if MHBK's rating is downgraded. A downgrade of MBE's ratings is also likely if the bank restructures its operations and strategy such that it weakens its linkage with its parent.

The principal methodology used in these ratings was Banks (Japanese) published in November 2024 and available at <https://ratings.moodys.com/rmc-documents/432850>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Mizuho Bank Europe N.V. (MBE) is domiciled in the Netherlands and is a fully-owned subsidiary of Mizuho Bank, Ltd., which in turn is a subsidiary of Mizuho Financial Group, Inc. MBE reported total assets of EUR5.2 billion as of the end of December 2023.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at [https://ratings.moodys.com/documents/PBC\\_1355824](https://ratings.moodys.com/documents/PBC_1355824).

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