

FY2022 Financial Results Presentation: Summary of Q&A

Q: Background to increasing the yearly cash dividend estimate to JPY 95

A: Though we are increasingly cautious of the current business environment, we maintain an optimistic outlook in regards to achieving our business plan, and have thereby decided to lift our estimated yearly dividend from JPY 85 to 95. For example, if overseas interest rates remain high, we should see an increase in income from deposits and lending over the course of the year. Moreover, through the implementation of countermeasures, we will also thoroughly strive to improve areas that showed sluggish growth in FY22. Though there remains uncertainty in the current business environment, we are also witnessing a steady increase in mutual complementarity between different areas of our business.

Q: Particular points of contestation during the formulation of the new medium-term business plan and examples where the Group CEO demonstrated leadership in making the final decision

A: One example was deciding on our Purpose. There were multiple discussions between management and employees, through which we were able to narrow down prospects to just a handful, though ultimately it was the Group CEO's decision to set our Purpose as "proactively innovate together with our clients for a prosperous and sustainable future". Another example was expenses. We were able to set our gross business profits forecasts with confidence, but the spreading of inflation to areas other than just personnel expenses meant that repeated discussions were required on deciding what an appropriate level would be.

Q: Approach for managing CET1 Capital ratio

A: We have set the lower end of the 9-10% range as a 'necessary level', though, considering the current business environment, we would like to maintain a ratio of around 9.5% for at least the next year. Looking at the past, we remember that the financial crisis of 2008 was the reappearance of credit uneasiness after a period of stability following a separate event from one year prior. Stability is since returning to markets following the failures of US regional banks earlier this year, but we would like to monitor the situation further, avoiding any foregone conclusions.

Q: What was the background to listing Mizuho's contribution to the growth of the Japanese economy as a means of improving its PBR?

A: Based on the concept that growth of the domestic macro economy will also lead to an increase in our own corporate value, we want to demonstrate strong leadership in order to contribute to the overall growth of the economy. More specifically, we are discussing how we can leverage our capital markets expertise, cultivated through performing business with large corporates, in order to support the growth of mid-cap listed corporates. Moreover, we are also now looking at supporting corporates that are struggling to monetize their already ample product and technological capabilities, with expansion into overseas markets, as well as other measures that go further than simply providing financial support. For large corporates, we would like to act as a matchmaker that links co-creators, striving to create the mechanisms necessary for realizing a sustainable society.

Q: Recognition of financial agendas and their countermeasures

A: As part of the 5 year business plan, we began reforming our finance structure with four focuses: return on cost, return on risk, stability and growth potential. We currently recognize return on risk as a remaining agenda, and we look to approach this by improving our ROE through the reallocation of low-profitability assets, while simultaneously maintaining discipline on capital and expenses. We also think that creating a motion of growth, and thereby generating expectation for further growth thereafter, is key. We would like to achieve our net business profits target of JPY 1-1.1T and Net Income attributable to FG target of mid JPY 700B whilst observing the progress of our business and changes in the external environment, maintaining a balance between them.

Q: In regards to human capital, where are the gaps between the current status and where you would like to be?

A: Our ideal is to be an organization in which each and every employee is able to voice their ideas, take risks and challenge themselves. Currently though, in addition to a seniority system and corporate culture where importance is placed on rules and precedents, there are many people that have grown accustomed to working in our existing corporate order, so we are still a considerable distance from where we want to be. Reforming our corporate culture has a key role to play in that sense, and our initiatives are gradually making progress, though still in their early stages. Even in the formulation of our new medium-term business plan we adjusted the process to allow open discussion and free expression of thought, and we will implement initiatives such as these without hesitation going forward.

Q: Background to increasing the sustainable financing target to JPY 100T

A: We formulated our new target based on the amount of financing currently required globally to facilitate a transition to a sustainable society, considering as well as our current market share in the field. In the process of achieving this target, it is assumed that non-interest income will be recorded, such as arrangement fees for finance structure composition and M&A-related fees from advisory services related to business structure reforms, on top of income generated from loans.

Q: In which areas will Mizuho prioritize inorganic investment?

A: We currently consider with priority: investment that strengthens our overseas Corporate Investment Banking (CIB) business model, alternative asset management contributing to the growth of the industry in Japan and alliances in the retail business.