We are committed to carrying out our new medium-term business plan, to enhance corporate value and create social value.

Takefumi Yonezawa
Senior Executive Officer
Group Chief Financial Officer (Group CFO)

1. Current situation

■ Overview of fiscal 2022 results and fiscal 2023 earnings plans

In February 2022, Russia began its invasion of Ukraine. In March, the Federal Reserve, the central bank of the US, ended the zero interest rate policy which had been in place for two years. In this way, the start of fiscal 2022 coincided with a string of events that had repercussions for the global political and economic situation.

Under such an external business environment, we achieved Consolidated Net Business Profits[1] of ¥807.1 billion, a year-on-year decrease of ¥46.0 billion. In our markets divisions, we achieved strong performance in sales and trading. However, we continued conservative operations in banking, as interest rates rose significantly in and outside Japan, and chose to realize losses in a portion of our bond portfolio, which improved financial soundness but also led to a decline in profits. For customer divisions, our asset management business and capital markets business struggled. In contrast, loan and deposit revenue and credit-related fees grew in indirect finance areas such as corporate lending and deposits and transaction banking. Overall, customer divisions recorded their highest profits since the introduction of the in-house company system.

Profit Attributable to Owners of Parent increased by ¥25.0 billion to ¥555.5 billion. Having achieved our initial target of ¥540.0 billion, we increased our annual cash dividends to ¥85 per share, marking two consecutive fiscal years of increasing dividends.

While we expect the uncertain business environment to continue in fiscal 2023, we aim to steadily grow our core business revenue and are setting our target for Consolidated Net Business Profits as ¥900.0 billion, and for Profit Attributable to Owners of Parent as ¥610.0 billion. Also, we will look to raise dividends by ¥10 to ¥95 per share, taking a 40% dividend payout ratio as a guide in consideration, as per the shareholder return policy.

■ Reflecting on the 5-Year Business Plan and establishing the new medium-term business plan

In our 5-Year Business Plan, which started in fiscal 2019, we positioned the implementation of forward-looking structural reforms focused on three interconnected areas (business structure, finance structure, and corporate foundations) as our basic policy, and we selected Net Business Profits, ROE, reduction of cross-shareholdings, and Common Equity Tier 1 (CET1) Capital Ratio as financial target items. In order to achieve these, we evaluated each business area from a finance perspective, examining revenue stability, growth, and effective use of corporate resources such as risk-weighted assets and expenses. We then moved forward with restructuring our business portfolio through a review of how we allocate corporate resources.

As a result, we saw improvements to capital efficiency and cost efficiency, as well as the cultivation of business in the Americas and mezzanine/equity investment as new revenue sources. Even in a harsh business environment, we are moving towards establishing a structure that enables stable earning across the entire business portfolio. We are making progress towards our financial targets, as can be seen from the table below, and we have made improvements to the balance between financial soundness and capital efficiency.

	FY2018	FY2022	FY2023 target (Cont. from 5-Year Business Plan)
Consolidated Net Business Profits	¥408.3 billion	¥807.1 billion	¥900 billion approx.
Consolidated ROE[2]	1.2%	6.6%	7-8% approx.
Sale of cross-shareholdings	–	¥383.8 billion (Mar 31, 2019 to Mar 31, 2023)	¥450.0 billion (Mar 31, 2019 to Mar 31, 2024)
CET1 Capital Ratio[3]	8.2%	9.5% (As of Mar 31, 2023)	Lower end of the 9 – 10% range (target level)

We had been making steady progress toward achieving the goals initially set under the 5-Year Business Plan. However, over the course of numerous discussions with executive officers and employees about how to address changes that have occurred in the business environment over the last four years, we decided to revise our Corporate Identity—which included creating a new Purpose for Mizuho—conclude the 5-Year Business Plan one year earlier than planned, and establish a new three-year medium-term business plan.

2. Financial strategy in the new medium-term business plan

The new medium-term business plan, which was formulated with the Purpose as its starting point, not only takes into account financial capital, but also non-financial capital such as human capital and social/natural capital. By taking the definition of capital broadly and utilizing said capital to actively provide services to our customers, we are pursuing enhancement of corporate value and creation of social value. We are also aiming to create a cycle whereby our pursuit of these goals brings various benefits for our stakeholders.

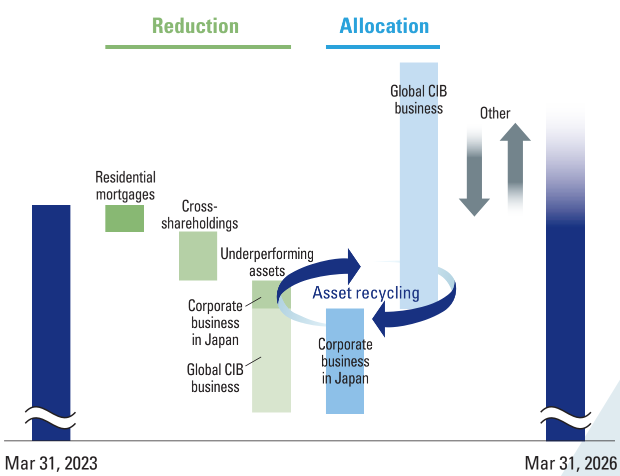
We have set our fiscal 2025 financial targets as Consolidated ROE of over 8% and Consolidated Net Business Profits in the range of ¥1 trillion to ¥1.1 trillion. From the perspective of financial soundness, while keeping our CET1 Capital Ratio (Basel III finalization fully effective basis; excluding Net Unrealized Gains (Losses) on Other Securities) in the lower end of the 9 – 10% range, which is the necessary level, we will carry out financial management with a certain amount of flexibility. In this way, we can ensure a sufficient buffer for capital utilization such as inorganic investment as well as prepare for unexpected impacts brought about by the political and economic business environment, which continues to become more complicated and less transparent. Further, we will continue to alleviate the capital burden of stock price fluctuations by selling ¥300 billion in cross-shareholdings over the three-year period.

■ Pursuing effective use of corporate resources

Toward achieving a Consolidated ROE of over 8%, we will make efforts to improve operational efficiency, which includes capital efficiency, cost efficiency, and employee efficiency.

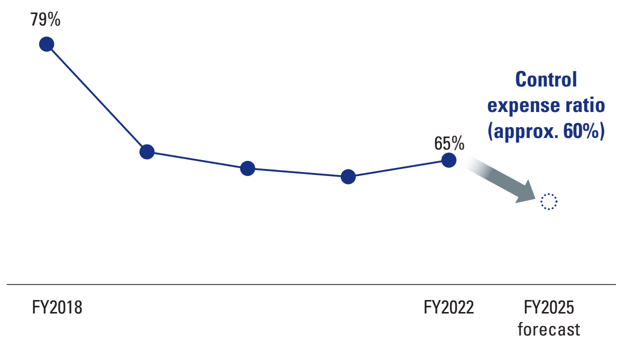
In terms of capital efficiency, we will bring about an improvement in overall profitability. We will reduce capital allocation to underperforming areas by setting a profitability criteria for using risk-weighted assets. Along with this, we will reallocate capital to areas where we expect high profitability, such as high-profit lending (starting with M&A and real estate transactions), startups/innovative companies, and business in the Americas.

Risk-weighted assets



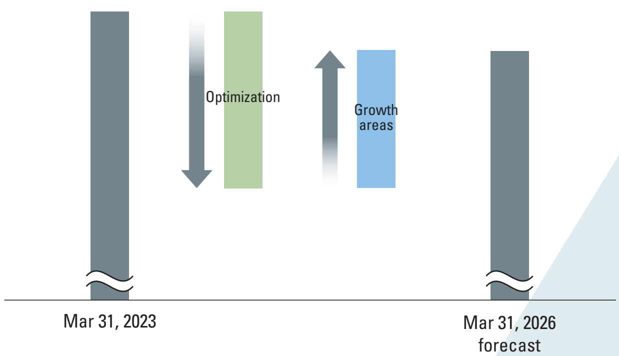
For cost efficiency, we will proactively allocate spending to ensuring stable operations—responding to global financial regulations, strengthening cybersecurity, and similar—and to developing strategic areas where we see potential for digitalization and profit increase. For existing expenditure items, we will conduct meticulous inspections and reviews, sticking to an expense ratio at the lower end of the 60% – 70% range.

Expense



With the rate of population decline accelerating and the labor supply becoming increasingly constrained, our talent is our most valuable corporate resource. For our labor-intensive retail business, we will work to improve employee efficiency by advancing digitalization; enhance human capital through education, training, and other investment in HR; and improve productivity.

Personnel



Realizing steady growth with a resilient business structure

In order to achieve Consolidated Net Business Profits of ¥1 trillion to ¥1.1 trillion, we will invest corporate resources in areas that drive growth.

Specifically, we have positioned asset formation and management, our corporate business in Japan, and our global CIB business as key business areas. We expect to see these three areas produce growth in Net Business Profits of approximately ¥170.0 billion. In the area of asset formation and management, taking on board the Japanese government's plans for doubling asset-based income, we will strengthen our Nippon Individual Savings Accounts (NISA)-related initiatives and continually expand our assets under management. In the area of our corporate business in Japan, we will focus on responding to demand for our clients' investments in transition strategies and other sustainability-related initiatives and on supporting the growth of middle-market firms. In the area of our global CIB business, we will further expand our US capital markets business, and we will roll out our US operational foundation and operational management framework in EMEA and Asia.

In addition, we will move toward a profit structure that is resilient to changes in the external business environment. This includes controlling interest rate risk through managing an appropriate position in our banking operations.

Improving the price-to-book ratio

Our current price-to-book ratio (P/B ratio) is approximately 0.6, our market cap ratio for the amount of equity capital on the balance sheet is just over half, and it is being said that our capital will likely go down in the future. We, executive management, duly recognize the harsh feedback from the stock market, and we are committed to making improvements.

$$\text{P/B ratio} = \frac{\text{ROE} \quad 6.1\%^{4}}{\underbrace{\text{Cost of capital} - \text{Expected rate of growth}}_{\text{Cost of capital (broadly defined)}}}$$

P/B ratio: Approx. 0.6

Cost of capital: Around 7%[5]

Expected rate of growth: Around -4%

Cost of capital (broadly defined): Approx. 11%

The P/B ratio is determined by ROE, cost of capital, and expected growth rate. We will make steady progress to achieve the new medium-term business plan to reach an ROE of over 8% in three years' time. Even after this period, we will continue to strive for constant improvement. We will also make efforts to reduce the cost of capital and to

Improving capital efficiency	**Fundamentals**	● Improve asset profitability	Reallocate resources from underperforming assets to highly profitable assets
		● Control on expense ratio	Employ disciplined cost management and improve productivity
Generating expectation for growth		● Achieve steady profit growth	Aim for sustained growth in profit from core business and expand non-interest income
		● Adequate balance in using capital	Balance of growth investment, investment in intangible assets, and enhancement of shareholder returns
Eliminate discount		● Stabilize profit from core businesses	Global CIB business model in which primary and secondary business complement each other. Diversify revenue sources, reduce one-time gains/losses, and make cross-shareholding reductions
		● Improve financial soundness	Optimize the management of the CET1 Capital Ratio and reduce cost of capital
	Macro factors	● Contribute to the growth of Japan's economy ● Capture growth opportunities outside of Japan	Increase household financial assets and strengthen the competitiveness of Japanese companies through carrying out Mizuho's Purpose

improve the expected rate of growth.

We will aim to reduce the cost of capital by minimizing revenue fluctuations and practicing balanced capital management.

Further, the current negative growth expectations are the outcome of combined Mizuho-specific factors and macroeconomic factors in Japan. However, the profit growth and business expansion that will come out of our steady implementation of the new medium-term business plan will resolve the Mizuho-specific factors. Through carrying out Mizuho's Purpose, I believe we will put the Japanese economy on a growth trajectory, and thus address the negative macroeconomic factors as well.

3. Stakeholder communication

My engagement in dialogue with shareholders, investors, and other stakeholders has brought me a variety of new insights. We will take these as suggestions to improve our business, and will further raise the quality of dialogue with our stakeholders by disclosing Mizuho's approach and initiatives. I believe that it is essential to make these kinds of processes into a consistent cycle.

From fiscal 2023, as the Group CFO, I will work toward further strengthening dialogue and enhancing our disclosures. I would like to have open discussions with our diverse stakeholders on a number of topics and implement feedback into various initiatives. The topics could vary, covering not only business strategies and capital management policy, but also the new Corporate Identity and non-financial areas such as the environment and human capital.

FY2022 meetings with institutional investors: 520
(includes 190 investors outside of Japan)

- By executive officers: 190 (includes 50 investors outside of Japan)
- By IR Dept.: 330 (includes 140 investors outside of Japan)

Key briefings

- Presentation for individual investors (Jan 2023)
- IR Select (Feb 2023, May 2023): Briefing from the Group CSuO, Group CCuO/ Group CPO,[6] and Chairperson of the Board of Directors
- IR Day (Jun 2023): Briefing on business strategy from in-house company heads
- Outside director session (Jun 2023)

1. Includes Net Gains (Losses) related to ETFs (Mizuho Bank and Mizuho Trust & Banking) and Net Gains (Losses) on Operating Investment Securities (Mizuho Securities consolidated).
2. Calculated by dividing Net Income by Total Shareholders' Equity + Total Accumulated Other Comprehensive Income (excluding Net Unrealized Gains (Losses) on Other Securities).
3. Basel III finalization fully effective basis. Excluding Net Unrealized Gains (Losses) on Other Securities.
4. FY2022 ROE (Net Income on Equity Capital). Incl. Net Unrealized Gains (Losses) on Other Securities.
5. Estimated based on CAPM.
6. Chief Culture Officer / Chief People Officer