

# Financial Results for FY2016

**May 2017**

Mizuho Financial Group

## Forward-looking Statements

This presentation contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including estimates, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance.

In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “endeavor,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target” and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions.

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Unless otherwise specified, the financial figures used in this presentation are based on Japanese GAAP

This presentation does not constitute a solicitation of an offer for acquisition or an offer for sale of any securities

## Definitions

FG: Mizuho Financial Group, Inc.

TB: Mizuho Trust & Banking Co., Ltd.

RBC: Retail & Business Banking Company

GCC: Global Corporate Company

AMC: Asset Management Company

BK: Mizuho Bank, Ltd.

SC: Mizuho Securities Co., Ltd.

CIC: Corporate & Institutional Company

GMC: Global Markets Company

Consolidated Net Business Profits = Consolidated Gross Profits - G&A Expenses (excl. Non-Recurring Losses) + Equity in income from investments in Affiliates and certain other consolidation adjustments

Net Income Attributable to FG: Profit Attributable to Owners of Parent

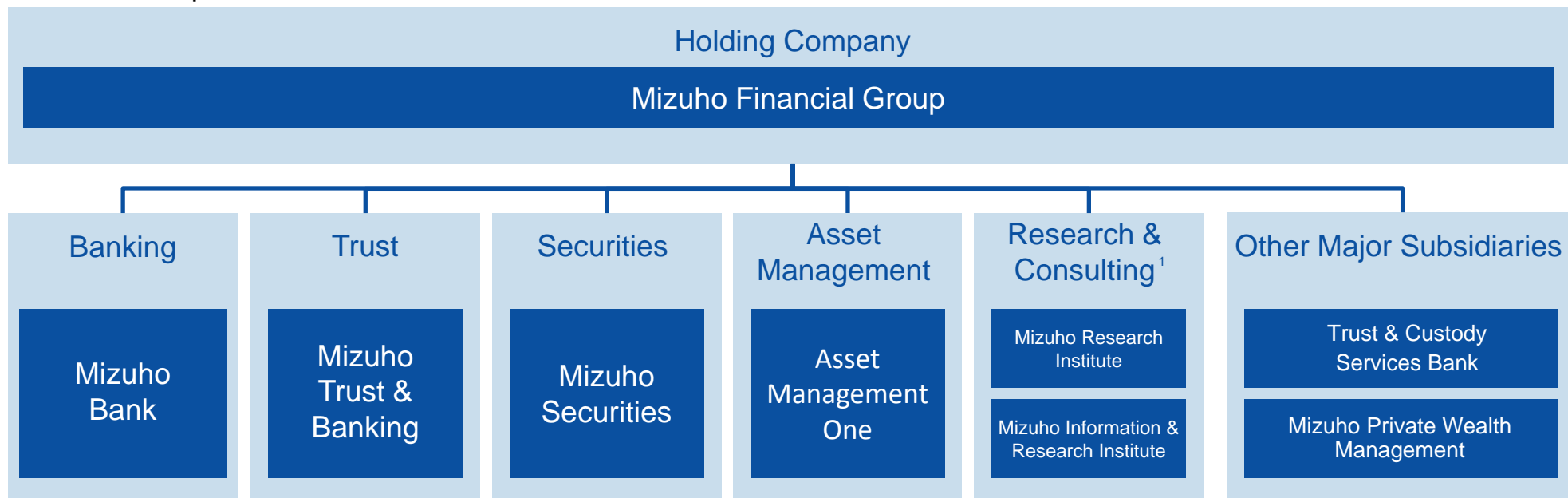
2 Banks: Aggregate figures for BK and TB on a non-consolidated basis

(Figures of BK up to 1Q FY2013 are simple aggregate figures of Mizuho Bank and Mizuho Corporate Bank before the merger in Jul. 2013)

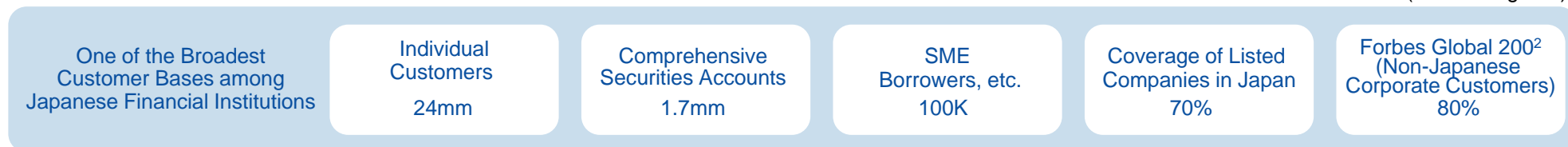
Group aggregated: Aggregate figures for BK, TB, SC, Asset Management One and other major subsidiaries on a non-consolidated basis

Company managerial basis: Managerial figure of the respective in-house company (managerial figures based on results of former business units up to FY2015)

## Mizuho Group



(rounded figures)



## Credit Ratings

(As of May 15, 2017)

	S&P	Moody's	Fitch	R&I	JCR
FG	A-	A1	A-	A+	AA-
BK/TB	A	A1	A-	AA-	AA

1. Also comprised of others such as BK Industry Research Dept., TB Consulting Dept. and Mizuho-DL Financial Technology 2. Top 200 corporations from Forbes Global 2000 (excl. financial institutions)

# Contents

## Today's Topics

### 1. FY2016 Financial Results – Executive Summary

- Executive Summary of FY2016 Financial Results	P. 6
- FY2016 Financial Highlights	P. 7
- Progress Against the Financial Targets of the Medium-term Business Plan	P. 9
- KPI	P. 10
- Earnings Plan of FY2017	P. 11
- Net Business Profits Plan by In-house Company	P. 12
- Balance Sheet Control Initiatives for FY2017	P. 13
- Capital Management	P. 14
- Transition to the Next-Generation IT Systems	P. 15

### 2. Medium- and Long-term Direction for Mizuho

- Medium- and Long-term Direction for Mizuho	P. 17
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#### ◇ Strengthen Cost Competitiveness

- Expense Plan	P. 20
- Revisiting Branch Strategies	P. 21
- Improvement for Advanced and Efficient Operations Utilizing Technology	P. 22
- Streamlining and Optimizing the Organization	P. 23
- System Structural Reform	P. 24

#### ◇ Strengthen Top-line Profit

- Allocating Management Resources to Achieve Our Growth Strategy	P. 26
- Strengthening of Non-interest Businesses by Accelerating Group-wide Collaboration	P. 27
- Creation of New Business based on Technology	P. 29

#### ◇ Fundamental Reform of HR Management

- Fundamental Reform of HR Management	P. 31
- Diversity & Inclusion	P. 32

### 3. ESG Initiatives

- Initiatives Related to Environment and Society	P. 34
- Reference: ESG Related Recognition and Awards	P. 35
- Progress of Strengthening Corporate Governance	P. 36
- Corporate Governance Structure	P. 37
- Customer First (Client-oriented) Business Management	P. 38

### 4. FY2016 Financial Results

- Overview of Financial Results	P. 40
- Net Interest Income from Customer Groups	P. 41
- Non-JPY Funding	P. 44
- Non-interest Income from Customer Groups	P. 45
- G&A Expenses	P. 46
- Securities Portfolio	P. 47
- Credit Portfolio	P. 49
- Loan Portfolio Outside Japan	P. 50

## FY2016 Overview:

### Achieved Core Targets Despite the Difficult Business Environment

- Accumulated Non-interest Income driven by the unified group strategy which partially offset effects of the difficult environment such as negative interest rates
- Achieved the intermediate target (JPY 250bn) for cross-shareholdings disposal through steady progress
- Distributed dividends in accordance with the initial estimate by achieving the planned Net Income Attributable to FG

## Future Direction for Mizuho:

### Initiatives for Medium- and Long-term Growth

- Strengthen cost competitiveness through fundamental structural reform
- Strengthen top-line profit that supports sustainable growth
- Fundamentally reform HR management and nurture a culture that promotes proactive actions
- Continued improvement as the front-runner in governance

# **1. FY2016 Financial Results – Executive Summary**

## **2. Medium- and Long-term Direction for Mizuho**

## **3. ESG Initiatives**

## **4. FY2016 Financial Results**

# Executive Summary of FY2016 Financial Results

(consolidated, JPY bn)	FY2016	YoY	
Net Business Profits	663.4	-189.4	<ul style="list-style-type: none"> <li>Non-Interest Income was accumulated through large scale transactions mainly in Japan, but it was not sufficient enough to absorb the impact of negative interest rates and the slowdown in sales of investment products, etc.</li> <li>Expenses increased despite continuous cost reduction efforts</li> </ul>
Credit-related Costs	-47.5	-17.0	<ul style="list-style-type: none"> <li>Reserves for possible losses based on appropriate credit management resulted in Credit-related Costs though the amount was maintained within FY2016 plan (-JPY 60.0bn)</li> </ul>
Net Gains (Losses) related to Stocks	242.1	36.4	<ul style="list-style-type: none"> <li>Exceeded the FY2015 results due to the favorable equity market performance in the latter part of the fiscal year in addition to steady reduction of cross-shareholdings</li> </ul>
Net income Attributable to FG	603.5	-67.3	<ul style="list-style-type: none"> <li>Achieved the FY2016 plan. Although Consolidated Net Business Profits decreased YoY, managed to offset the effect due to Net Gains (Losses) related to Stocks that over-achieved the plan as well as through onetime profits such as the Extraordinary Income associated with the establishment of Asset Management One</li> </ul>
<b>CET1 Capital Ratio *</b> (excl. , Net Unrealized Gains on Other Securities)	<b>11.37 %</b> <b>(9.27 %)</b>	0.52% (0.50%)	<ul style="list-style-type: none"> <li>Steadily improved CET1 Capital Ratio toward the Medium-term Business Plan target by accumulating Retained Earnings</li> </ul>

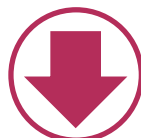
\* Basel III fully-effective basis. FY2015 ratio includes the Eleventh Series Class XI Preferred Stock

# FY2016 Financial Highlights (1)

## 1 Impact of Negative Interest Rates

### Impact on BK Gross Profits

	FY16 estimate	FY16 results
Loans	-JPY 30bn	Within the expected range
Market	-JPY 15bn	
Derivatives	-JPY 15bn	
Deposits	+JPY 20bn	
<b>Total</b>	<b>-JPY 40bn</b>	



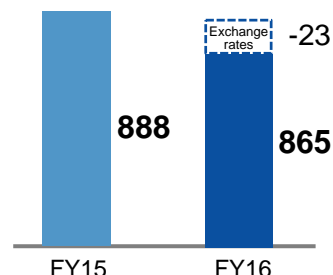
Largely in line with the estimate

Accounted for approx. 30% of the decrease of BK Gross Profits

## 3 Non-interest Income

P.42

(JPY bn) (group aggregated)



- Impact of slowdown in investment products sales was partially offset by accumulation in Non-interest Income driven by the unified group strategy
- Negative impact from the strengthening of JPY was approx. JPY 23bn



Fared well under the difficult environment

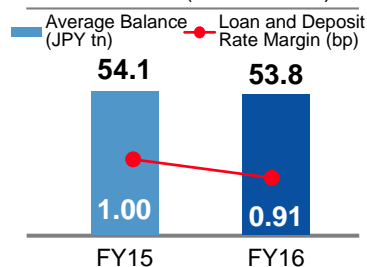
Remained flat after considering the impact of changes in exchange rates

## 2 Net Interest Income

P.38

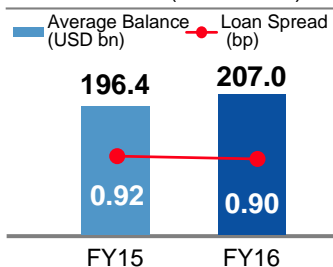
### Loans in Japan (2 Banks)

Net Interest Income (YoY) **JPY 521.1bn**  
(-JPY 43.3bn)



### Loans outside Japan\*

Net Interest Income (YoY) **JPY 166.8bn**  
(-JPY 9.0bn)



Declining trend continued

Loans outside Japan continued to increase moderately

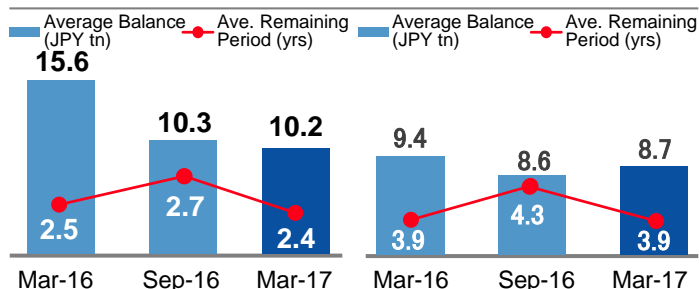
## 4 Bond Portfolio (2 Banks)

P.44

### JGBs

### Non-Japanese Bonds

Net Gains/Losses related to Bonds (FY16) **JPY 96.5bn**



Remained sound

Appropriately responded to market volatility

\* Net Interest Income is on 2 Banks basis, average balance and loan spread is on BK (including major banking subsidiaries) basis



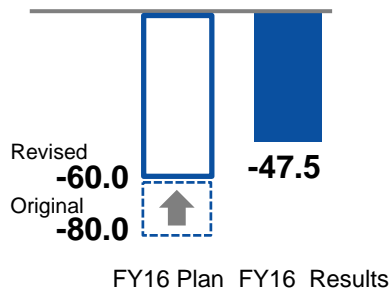
# FY2016 Financial Highlights (2)

5

## Credit-related Costs

P.49

(JPY bn) (consolidated)



– Credit-related Costs were within the FY2016 plan although appropriate credit management resulted in reserves for possible losses



Kept under control

Maintained soundness of the balance sheet

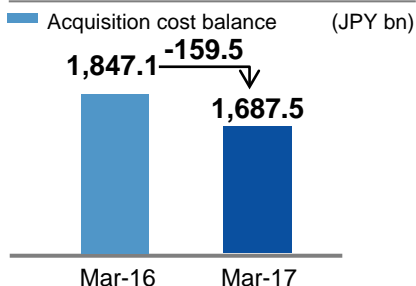
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## Cross-shareholdings

P.48

### Japanese Stocks (Consolidated)

Net Gains/Losses related to Stocks (FY16) **JPY 242.1bn**



– Steady disposal contributed to achieving the target (reduce approx. JPY 250bn by Mar-17)  
– Continuously aim to achieve the Medium-term Business Plan (reduce JPY 550bn by Mar-19)



Achieved the intermediate target

Reduced JPY 275.3bn from FY15 on a cumulative basis

7

## Non-JPY Funding

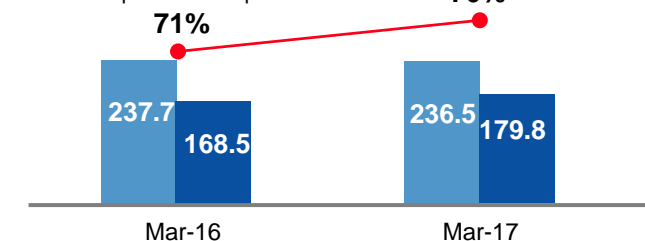
P.44

### Non-JPY deposit and loan structure

(USD bn) (BK, incl. major subsidiaries outside Japan)

Non-JPY Loans Non-JPY Deposits

Proportion of Deposits to Loans



Over 70% loan coverage by deposits

Continuously strengthened non-JPY deposits base

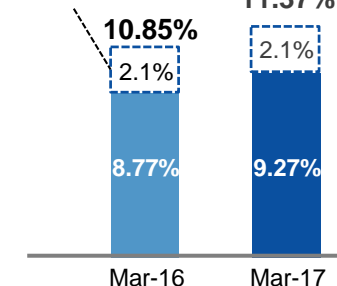
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## BIS Capital Ratio

P.14

### CET1 Capital Ratio (Consolidated)

Net Unrealized Gains on Other Securities



– CET1 Capital Ratio (excluding Net Unrealized Gains on Other Securities) improved to 9.27% through accumulation of retained earnings

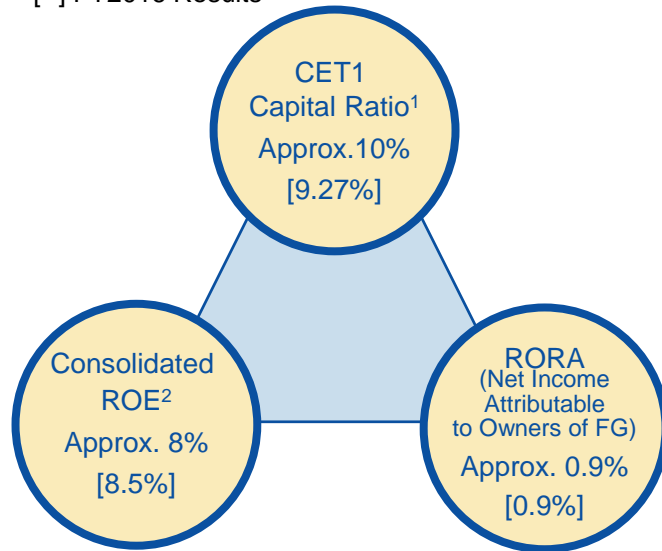
Steady improvement

CET1 Capital Ratio improved steadily

# Progress Against the Financial Targets of the Medium-term Business Plan

## Financial Targets for FY2018

[ ] FY2016 Results

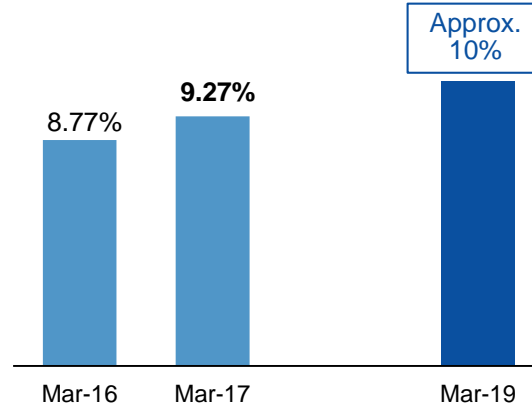


Group Expense Ratio <sup>3</sup>	Approx. 60% Excluding expenses related to the Next-Generation IT Systems, etc.: higher 50% level FY2020: aim for the mid-50% range
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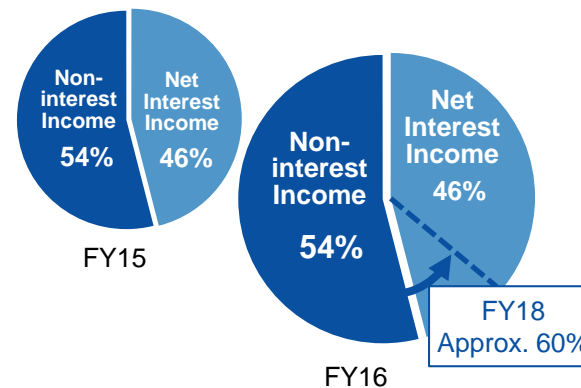
Cross-shareholdings Disposal	JPY 550bn <sup>4</sup>
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## Progress Against the Major Financial Targets

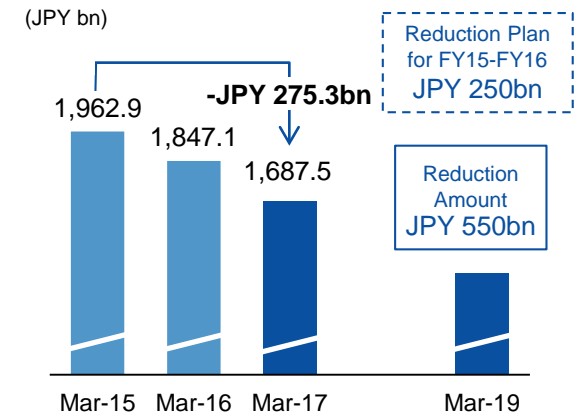
### CET1 Capital Ratio (excluding Net Unrealized Gains on Other Securities)



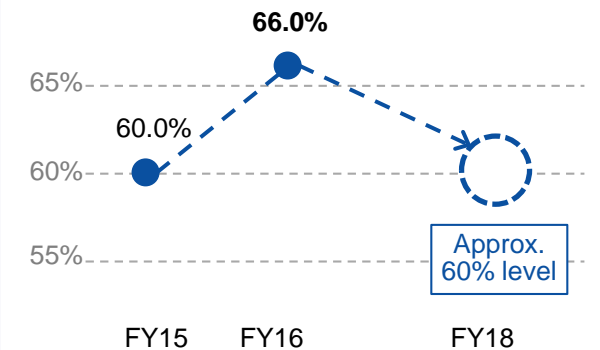
### Proportion of Non-interest Income



### Cross-shareholding Disposal



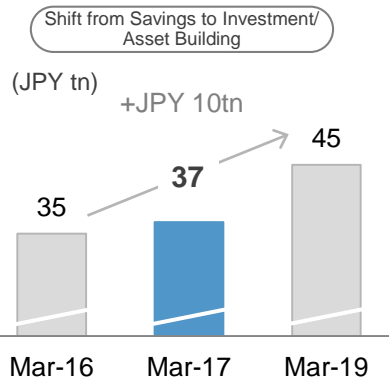
### Expense Ratio



1. Basel III fully-effective basis (based on current regulations), excluding Net Unrealized Gains on Other Securities 2. Excluding Net Unrealized Gains on Other Securities  
3. Group aggregated 4. Shares listed on the Japanese stock markets, acquisition cost basis, cumulative amount from FY15 to FY18

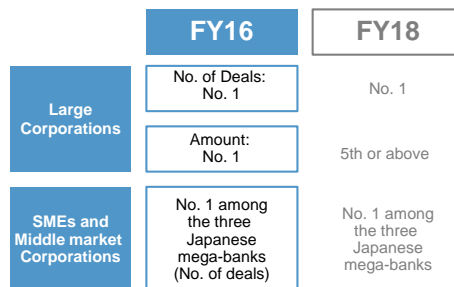
## RBC Balance of Investment Products<sup>1</sup>

RBC management basis, rounded figures



## RBC CIC M&A<sup>2</sup>

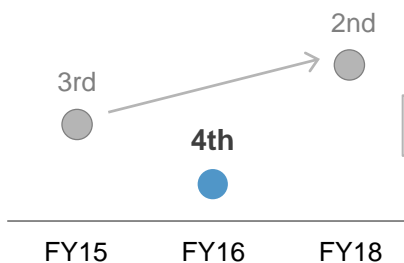
### One MIZUHO Strategy



## CIC ECM<sup>3</sup>

Underwriting amount basis

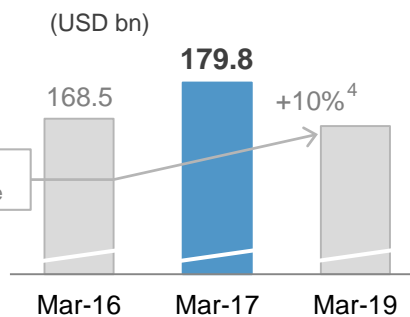
### One MIZUHO Strategy



## RBC CIC GCC Foreign Currency-denominated Customer Deposits

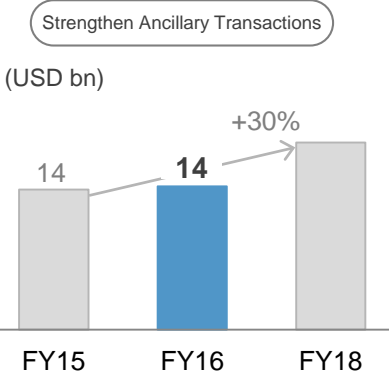
BK, management account

### Balance Sheet Control



## GCC Overseas Non-interest Income<sup>5</sup>

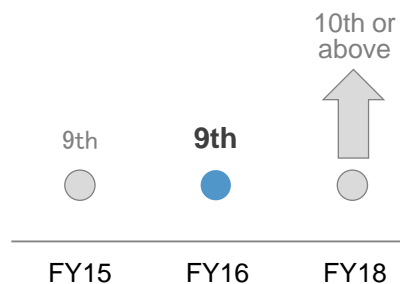
Group aggregate, GCC management basis, rounded figures



## GCC U.S.DCM<sup>6</sup>

Underwriting amount basis

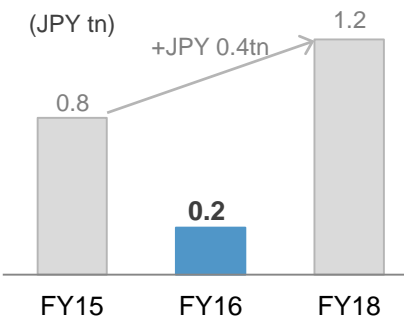
### One MIZUHO Strategy



## AMC Publicly Offered Investment Trusts<sup>7</sup>

Net increase in publicly offered equity investment trusts (excl. ETFs), rounded figures

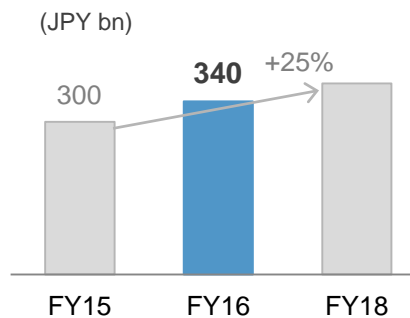
### Shift from Savings to Investment/Asset Building



## GMC Sales & Trading Profits

GMC management basis, rounded figures

### Business Promotion to Investors



1. Aggregate of individual and corporate customers 2. Source: Thomson Reuters (Any Japanese Involvement, excl. real estate deals) 3. Source: Thomson Reuters (Total Domestic and Cross-border Equities).  
 4. Foreign currency-denominated customer deposits, planned amount versus Mar-16 estimate 5. Excl. Commitment Fees and Guarantee Fees, etc.  
 6. Source: Dealogic. Bonds with issuance amount of USD 250mm and above issued by investment grade U.S. corporations  
 7. FY15 Results: Simple aggregate figures for Mizuho Asset Management, DIAM and Shinko Asset Management, FY16 Results and FY18 Plan: Asset Management One non-consolidated basis

# Earnings Plan of FY2017

## Earnings Plan of FY2017 (consolidated)

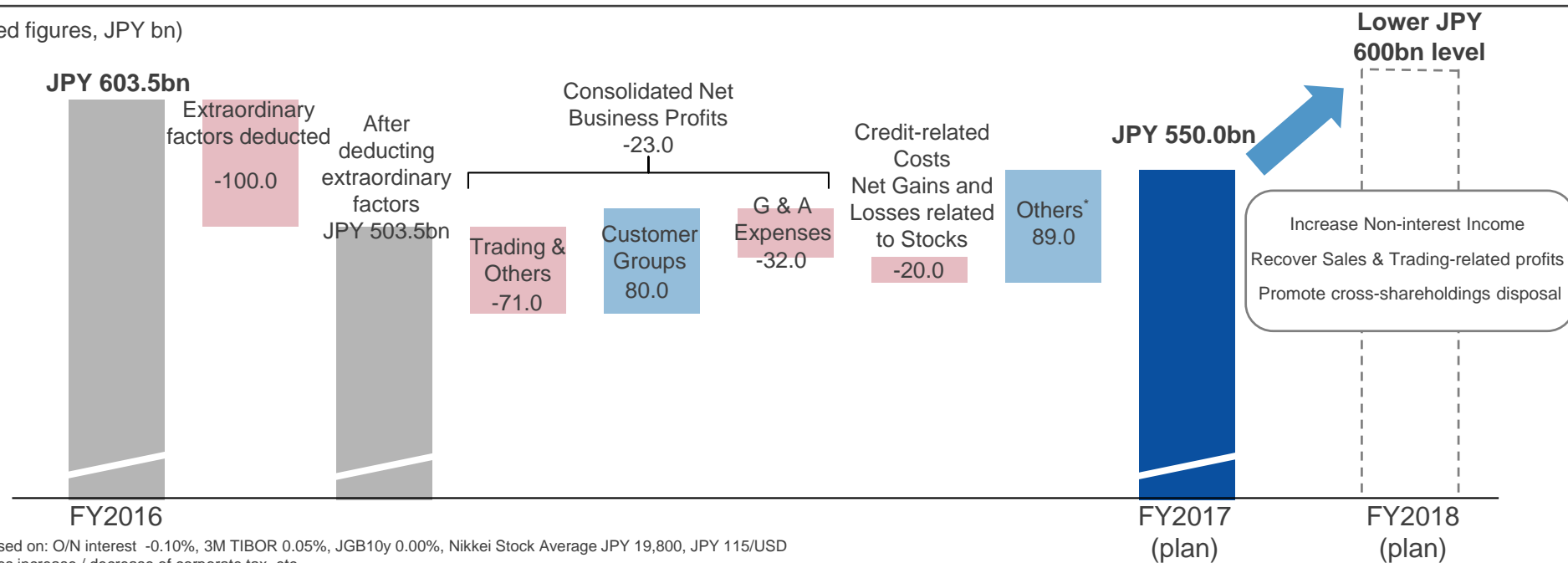
(JPY bn)	FY16 Results	FY17 Plan	YoY
Consolidated Net Business Profits	663.4	640.0	-23.4
Credit-related Costs	-47.5	-40.0	7.5
Net Gains (Losses) related to Stocks	242.1	215.0	-27.1
Ordinary Profits	737.5	790.0	52.4
Net Income Attributable to FG	603.5	550.0	-53.5

## Annual Cash Dividends for FY2017 (Estimates)

**Common Stock: JPY 7.5 per share**  
**(dividend payout ratio: 34.6%)**  
 (Interim cash dividend payments: JPY 3.75)

## Breakdown of Net Income Attributable to FG

(rounded figures, JPY bn)



# Net Business Profits Plan by In-house Company

(group aggregate, management account, rounded figures)

(JPY bn)	FY2016 Preliminary <sup>1</sup>	FY2017 Plan	YoY	Policy Initiatives
RBC	10.0	47.0	+37.0	<ul style="list-style-type: none"> <li>Materialization of the shift from “savings to asset building”</li> <li>Differentiation by providing consulting services on an integrated basis among banking, trust and securities functions</li> </ul>
CIC	240.0	218.0	-22.0	<ul style="list-style-type: none"> <li>Strengthening of sector-based business promotion on a global basis</li> <li>Improvement in profitability through rebalancing of assets</li> </ul>
GCC	115.0	123.0	+8.0	<ul style="list-style-type: none"> <li>Acceleration of the Global 300 strategy</li> <li>Thorough strengthening of businesses including transaction banking and DCM/ECM/M&amp;A</li> </ul>
GMC	315.0 <sup>2</sup>	219.0	-96.0	<ul style="list-style-type: none"> <li>Seeking to reconstruct the bond portfolio at the appropriate timing while thoroughly pursuing profitability</li> <li>Improvement in profitability through prioritized allocation of management capital in sales and trading</li> </ul>
AMC	20.0	24.0	+4.0	<ul style="list-style-type: none"> <li>Provision of products such as publicly offered investment trusts and solutions based on highly specialized investment capabilities</li> <li>Further pursuing the appropriate consultation approach for pensions</li> </ul>
In-house Company Total	700.0	631.0	-69.0	
Consolidated Net Business Profits	663.4	640.0	-23.4	

1. Recalculated the FY2016 results based on the FY2017 management account rules. JPY 37bn difference between In-house Company Total and Consolidated Net Business Profits is due to adjustment of management account which is not attributable to the In-house Companies

2. GMC net business profits including Net Gains related to ETF is JPY 345bn (preliminary)

# Balance Sheet Control Initiatives for FY2017

Strengthen balance sheet control to enhance resilience toward changing external environment and tightening regulations

## Overview of Balance Sheet (Mar-17)

consolidated

( ) represent changes from Mar-16

**Loans: JPY 78tn**  
(+JPY 4tn)

JPY\* JPY 55tn  
(+JPY 4tn)

Non-JPY\* USD 236.5bn  
(-USD 1.2bn)

**Securities: JPY 32tn**  
(-JPY 7tn)

Stock: JPY 4tn  
(+JPY 0tn)

Cross-shareholdings disposal:  
-JPY 159.5bn

JGB: JPY 13tn  
(-JPY 6tn)

Non-JPY bonds: JPY 10tn  
(-JPY 1tn)

Other Assets JPY 89tn  
(+JPY 9tn)

**Deposits: JPY 130tn**  
(+JPY 13tn)

JPY\* JPY 111tn  
(+JPY 12tn)

Non-JPY\* USD 179.8bn  
(+USD 11.3bn)

Non-JPY Customer Deposits /  
Non-JPY Loans = 76%

Other Liabilities JPY 60tn  
(-JPY 6tn)

**Net Assets: JPY 9tn**  
(-JPY 0tn)

Leverage Ratio 3.95%

**Total Assets** JPY 200tn

**RWA** JPY 61tn

\* Breakdown of JPY and Non-JPY on management account basis, rounded figures

## FY2017 Initiatives

### Loans

- Improve risk-return
- Reduce low-profitability assets

### Deposits (JPY)

- Accelerate the shift from savings to asset building
- Increase investment products balance and accelerate the group-wide integrated business promotion

### Deposits (non-JPY)

- Enhance attention toward Non-JPY funding costs including customer deposits
- Accumulate customer deposits systematically

### Securities (stock)

- Promote cross-shareholdings disposal to achieve the disposal plan on an acquisition cost basis

### Securities (bond)

- Fully instill early warning system reflecting the external environment conditions
- Identify the timing to reconstruct bond portfolio

### Net Assets

- Steadily accumulate Retained Earnings in order to achieve CET1 Capital Ratio of approx. 10%

# Capital Management

Pursue an appropriate balance between strengthening of the stable capital base and steady return to shareholders

## Strengthening of the Stable Capital Base

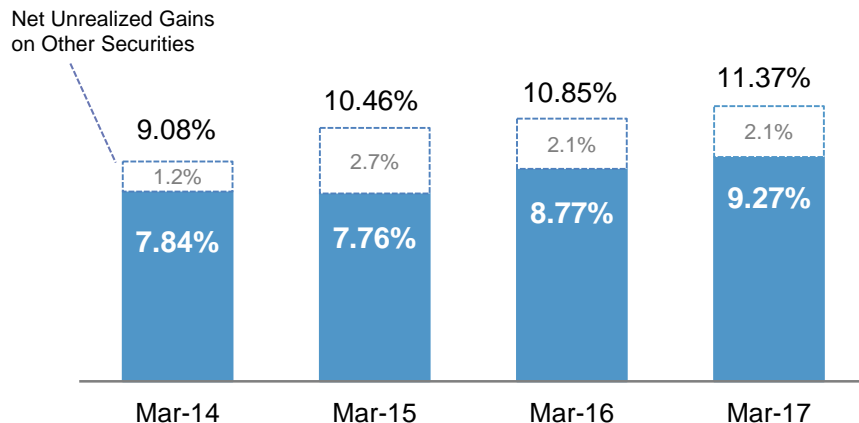
Medium-term Business Plan

**CET1 Capital Ratio<sup>1</sup> Target: approx. 10%**

(as of Mar-19, excluding Net Unrealized Gains on Other Securities)

### CET1 Capital Ratio<sup>1</sup>

Improve stress tolerance toward changing external changes through steady accumulation of retained earnings



## Steady Return to Shareholders

Dividend Policy

**Steady dividend payout policy with a dividend payout ratio on a consolidated basis of approx. 30% as a guide for our consideration**

### Cash Dividend per Share of Common Stock

Comprehensively take into account management and regulatory environment, progress against the Medium-term Business Plan (CET1 Capital Ratio of approx. 10%), steady dividend payout ratio of approx. 30% and others factors

FY16: JPY 7.50  
(Dividend payout ratio 31.4%)  
FY17 (estimated): JPY 7.50  
(Dividend payout ratio 34.6%<sup>2</sup>)

1. Basel III fully-effective basis (based on current regulations). Including the Eleventh Series Class XI Preferred Stocks (the balance as of Mar-16: JPY 98.9bn, mandatory conversion on Jul. 1, 2016) up to Mar-16

2. Assuming Net Income Attributable to FG for FY17 of JPY 550.0bn

# Transition to the Next-Generation IT Systems

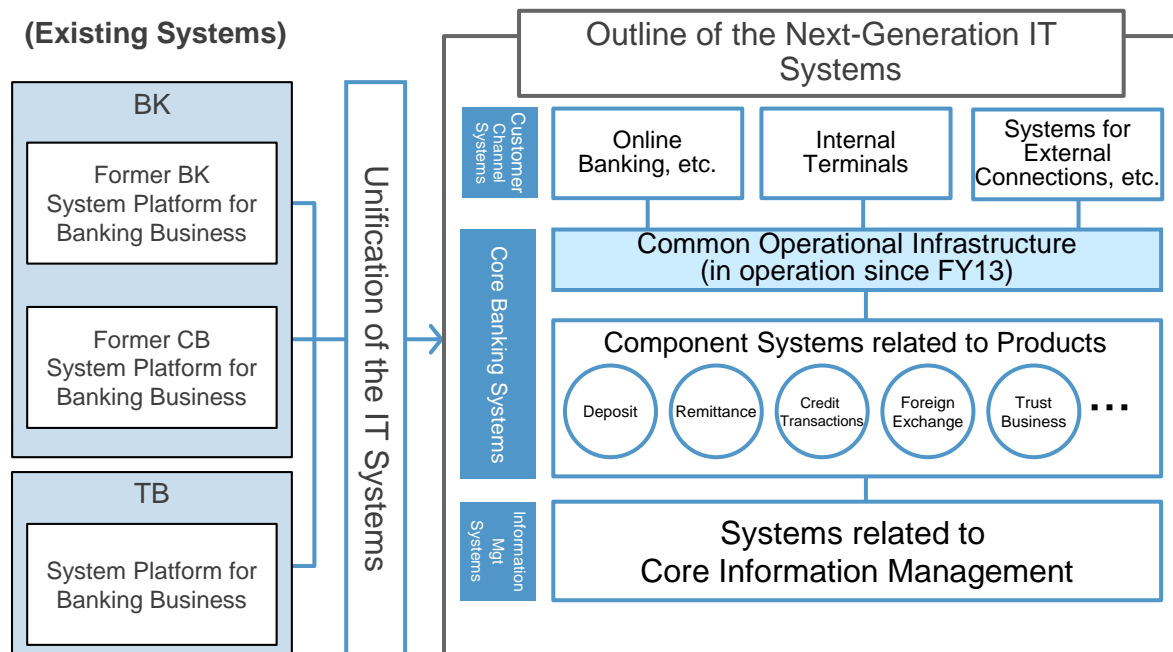
- For the Next-Generation IT Systems, the highest priority is placed on ensuring quality and safe launching. Thorough tests are currently being conducted
  - Final quality check is being conducted according to the plan
  - Investment amount was increased in order to take all possible measures to ensure quality
- Preparation will be carefully conducted after checking the system quality as it is critical to ensure safe and steady transition. The system migration will be implemented gradually, after thorough rehearsals, etc. (during the migration period, the current and Next-Generation IT Systems will be concurrently operated)

## Next-Generation IT Systems ahead of Competitors

- Unification of Core Banking Systems of former BK, former CB and TB
  - Downsize and streamline the IT systems
  - Improve response to potential system failures
- Independent components by business and function
  - Improve flexibility through a simplified structure
  - Enable flexible adaptation to new services
  - Shorten the lead time and reduce costs for new development
- Cutting-edge “Next-Generation” Core Banking Systems
  - Strengthen infrastructure for providing services
  - Improve operations processing speed

Investment amount (estimate):  
Mid-JPY 400bn range

## Transition to the Next-Generation IT Systems (Conceptual Illustration)





**1. FY2016 Financial Results – Executive Summary**

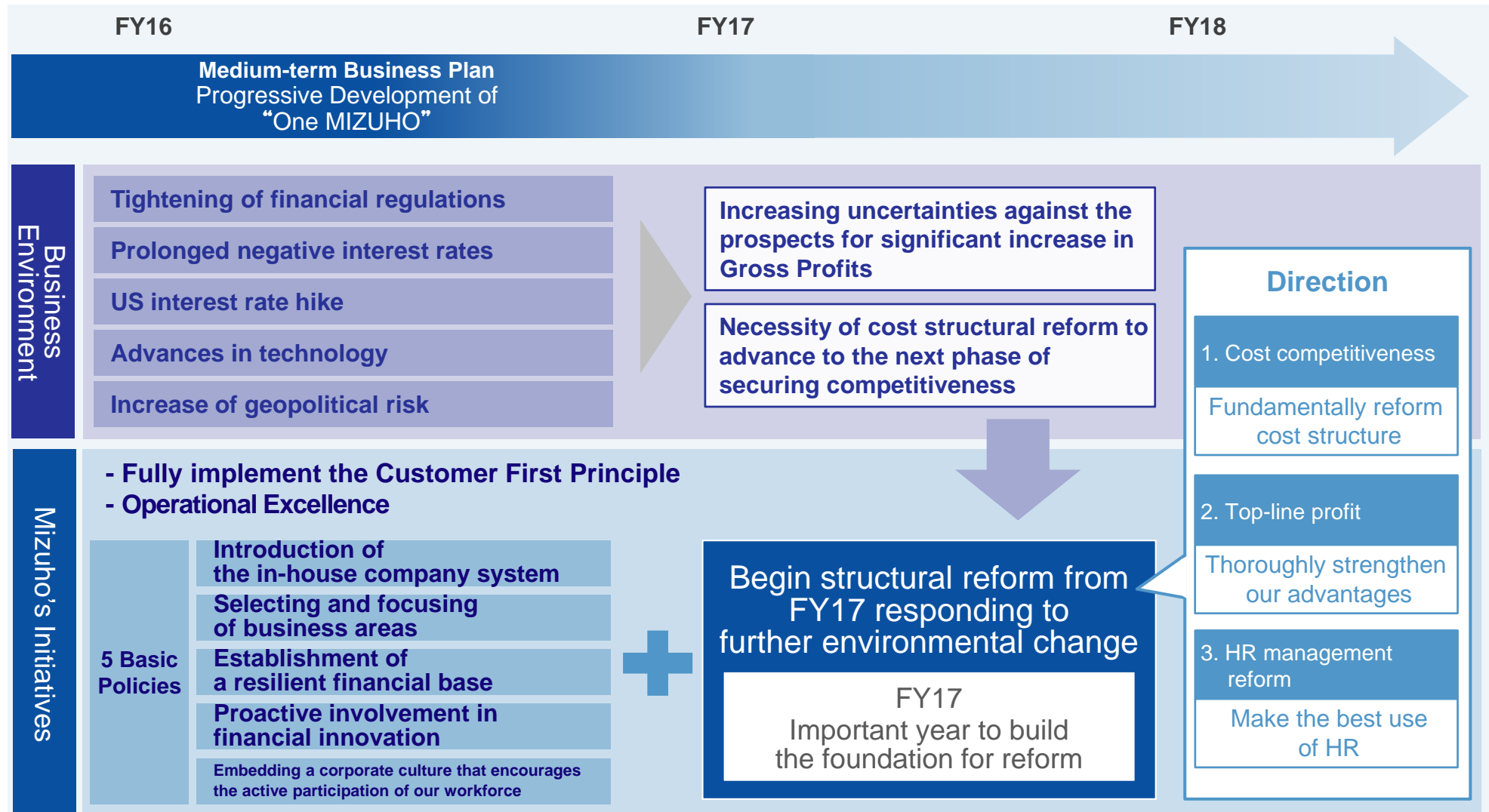
**2. Medium- and Long-term Direction for Mizuho**

**3. ESG Initiatives**

**4. FY2016 Financial Results**

# Medium- and Long-term Direction for Mizuho (1)

Heightened uncertainty leads to necessity for foundation building looking beyond our Medium-term Business Plan



## Medium- and Long-term Direction for Mizuho (2)

Promote further structural reform responding to the changes in the economic conditions in and outside of Japan as well as financial regulatory environments

1	<b>Strengthen Cost Competitiveness</b> through fundamental structural reform	<ul style="list-style-type: none"><li>- <b>Revisiting Branch Strategies (p.21)</b></li><li>- <b>Improvement for Advanced and Efficient Operations Utilizing Technology (p.22)</b></li><li>- <b>Streamlining and Optimizing the Organization (p.23)</b><ul style="list-style-type: none"><li>■ Reform Head office and group companies</li><li>■ Reform organizations outside of Japan</li><li>■ Centralize standard operations (response to the revised Banking Act)</li></ul></li><li>- <b>System Structural Reform (p.24)</b></li></ul>
2	<b>Strengthen Top-line Profit</b> that supports sustainable growth	<ul style="list-style-type: none"><li>- <b>Allocating Management Resources to Achieve Our Growth Strategy (p.26)</b></li><li>- <b>Strengthening of Non-interest Businesses by Accelerating Group-wide Collaboration (p.27)</b><ul style="list-style-type: none"><li>■ From savings to asset building</li><li>■ Consultation business promotion toward SMEs</li><li>■ DCM/ECM</li><li>■ Build sector-based business promotion structure on a global basis</li></ul></li><li>- <b>Creation of New Business based on Technology (p.29)</b> (white space)<ul style="list-style-type: none"><li>■ Start personal banking business (J. Score)</li><li>■ Initiatives related to digital wallet</li></ul></li></ul>
3	<b>Fundamentally Reform HR Management</b> to promote active participation of all employees	<ul style="list-style-type: none"><li>- <b>Development-focused HR Management and Promotion for Each Employee (p.31)</b></li></ul>

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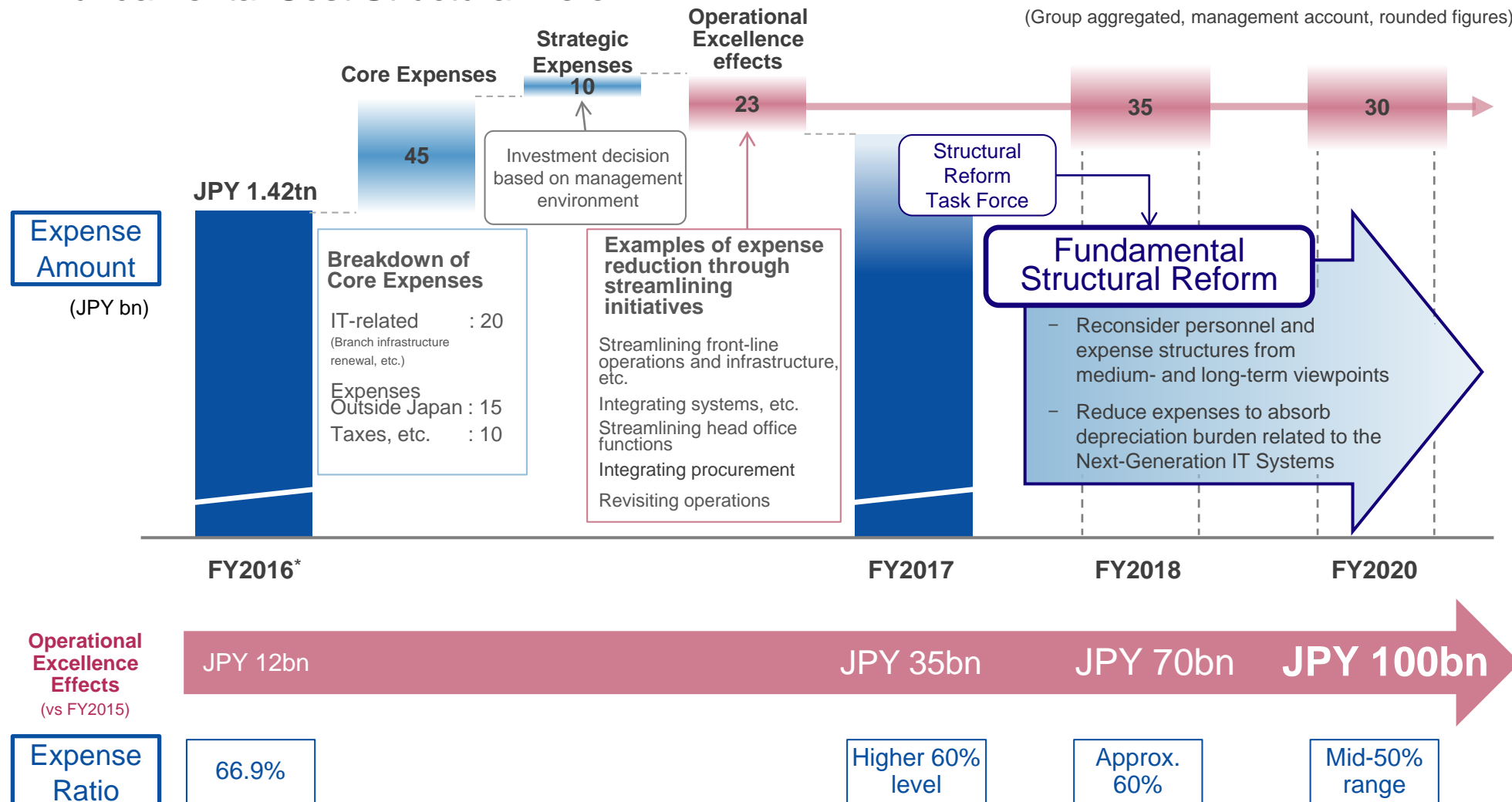
## **Strengthen Cost Competitiveness**

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# Expense Plan

## Significant reduction in expenses through the promotion of Operational Excellence and Fundamental Cost Structural Reform

(Group aggregated, management account, rounded figures)



\* Figures for FY2016 are recalculated based on FY2017 management account rules

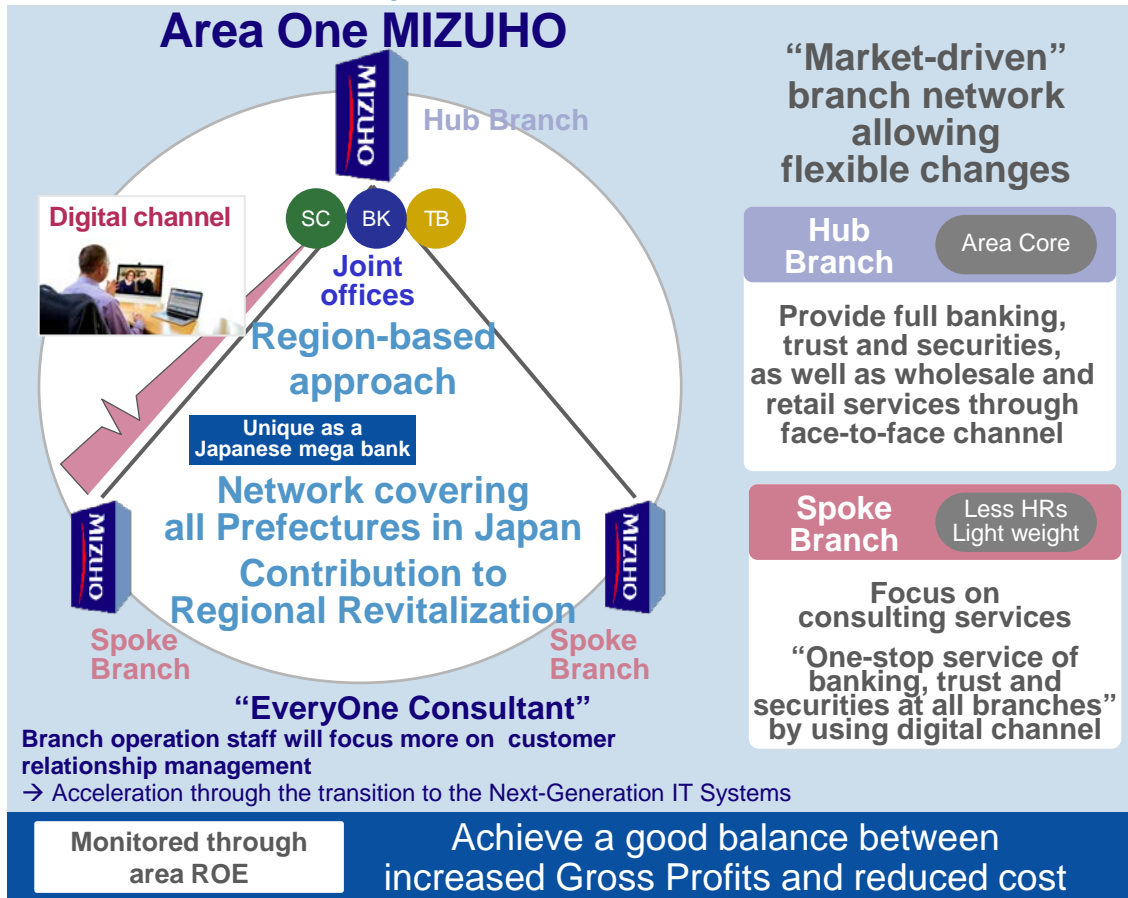
# Revisiting Branch Strategies

Achieve a good balance between improved customer services and reduced costs through the “hub-and-spoke model” and the “harmonized omni-channel”

First as Japanese bank

## Hub-and-spoke Model on a Banking, Trust and Securities Integrated Basis

Integrate approx. 800 BK/TB/SC branches\* into approx. 120 areas and establish a “hub-and-spoke” model

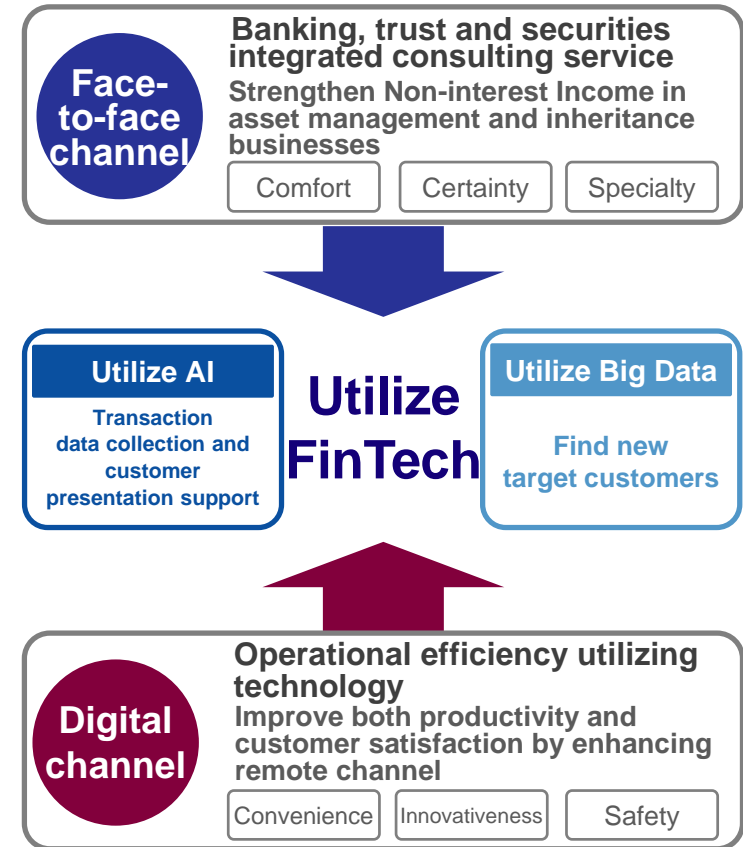


\* Total of all BK, TB and SC offices (incl., sub-branches and sales offices)



## Harmonized Omni-channel

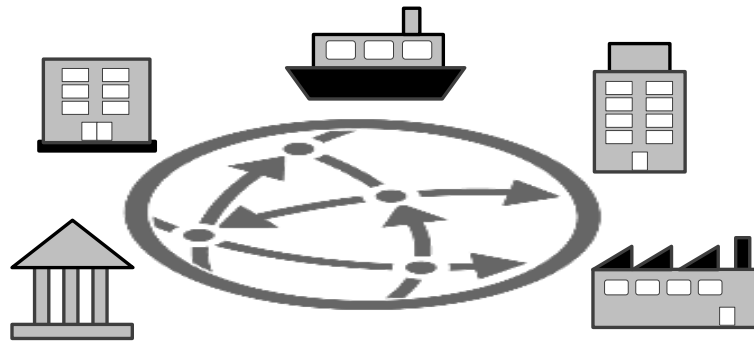
Promote differentiation strategies utilizing FinTech



# Improvement for Advanced and Efficient Operations Utilizing Technology

Aim for improvement in productivity through streamlining operations utilizing technology

## Operations Reform Utilizing Blockchain



Share transaction information among participants utilizing blockchain

High speed processing

Anti-counterfeit  
Anti-tampering

Cost reduction

### Cross-border settlement



Share transaction details among participants

Completed proof of concept

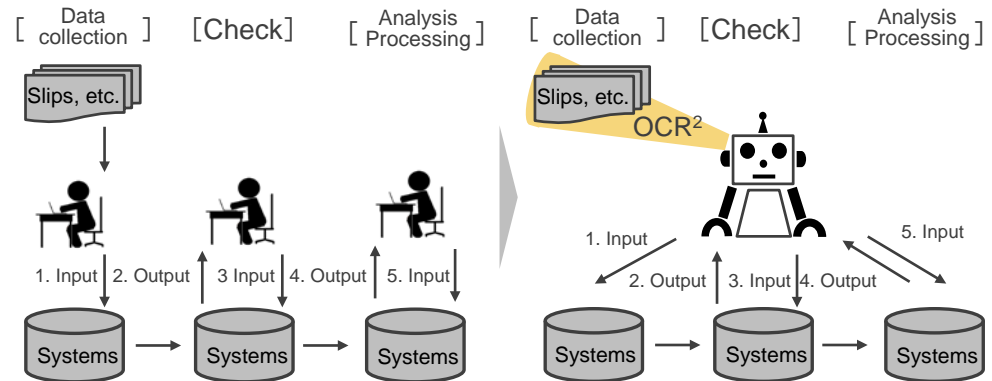
### Trade settlement



Share trade documents among participants

Actual transactions scheduled in June 2017

## Operations Reform Utilizing RPA, etc.<sup>1</sup>

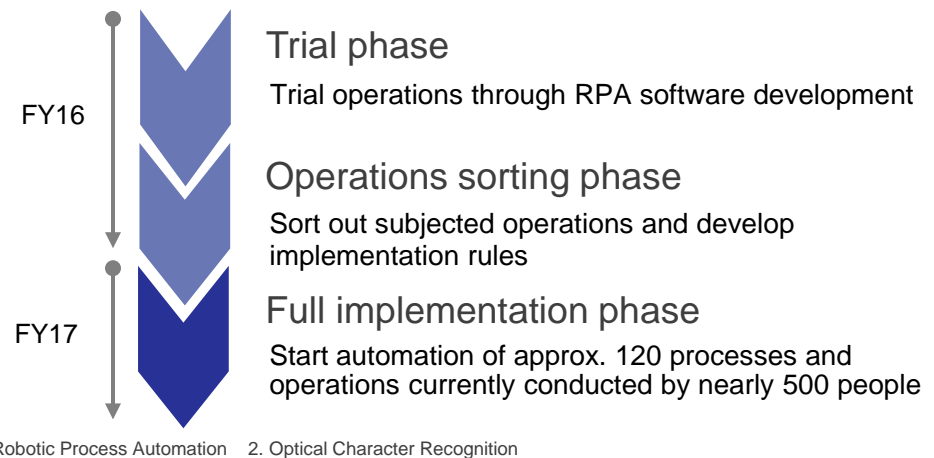


Automate standard operations conducted manually

Time reduction

Quality improvement

Shift of HR to value added operations



# Streamlining and Optimizing the Organization

Reduce costs and improve productivity by streamlining and optimizing the organization on a group-wide basis

## Challenges

Revisit existing operations and organization for improved efficiency

**Eliminate waste, inconsistency and unreasonableness**

Promote structural reform based on the strategic positioning of each group company

Share and standardize operations that support integrated banking, trust and securities management in and outside Japan

## Structural reform to streamline and optimize the organization

### Focus

Head Office Reform

Group Company Reform

Organizational Reform Outside Japan

Consolidation of Common Operations to Holding Company

### Actions

■ **Streamlining head office operations and eliminating inward-looking work style**

- Strengthen front-line capabilities
- Accelerate decision making
- Improve added value of head office operations

■ **Alleviation of group company management burden (integrate, internalize, outsource)**

- **Consolidation of common operations (shared services)**
- **Improvement of front-line productivity**

■ **Optimized allocation of corporate functions and operations**

- **Optimum allocation to remove duplicated operations and organizations**
- **Revisiting derivatives business structure**

■ **Consolidation of common operations in the light of the revised Banking Act**



# System Structural Reform

Dual focus on “system structural reform” and “IT operation process reform” for structural improvements

## System Structural Reform

### IT Strategy

- Enhance infrastructure through cloud services, etc.

FY09

FY17

**Establishment of private cloud**

Promoted systems migration from FY09

Integration of 125 systems resulted in JPY 16.8bn investment cost reduction

**Utilization of public cloud**

Utilized public cloud in digital innovation and software services

**FinTech**

**Improvement to hybrid cloud**

Will further reduce costs through hybrid cloud structure combining public cloud and private cloud

Developed a systems roadmap reflecting both IT and business strategies through the collaboration of both IT and business divisions under the in-house company system

**Online banking for corporate customers**

Cost reduction through centralization

**SWIFT\***

Cost reduction through group-wide integration

...

### Business Strategy

- Improve efficiency of products and services based on business portfolio analysis, etc.
- Integrate duplicate systems of legacy companies

\* Society for Worldwide Interbank Financial Telecommunication

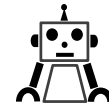
## IT Operation Process Reform

Comprehensive improvement in operational efficiency incorporating advanced technologies

**Make it “fast and inexpensive” and keep it “efficient”**

**Improve productivity in IT development utilizing RPA and AI**  
(automated tests, etc.)

RPA



AI



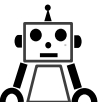
**Prepare infrastructure to utilize Big Data and other data**

Big Data



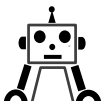
**Integrate and automate large volume auxiliary businesses on a group-wide and global basis**  
(Contract payment operations, license administration operations, etc.)

RPA



**Improve efficiency of system operations through data center integration and operations standardization/ automatization on a group-wide basis**

RPA



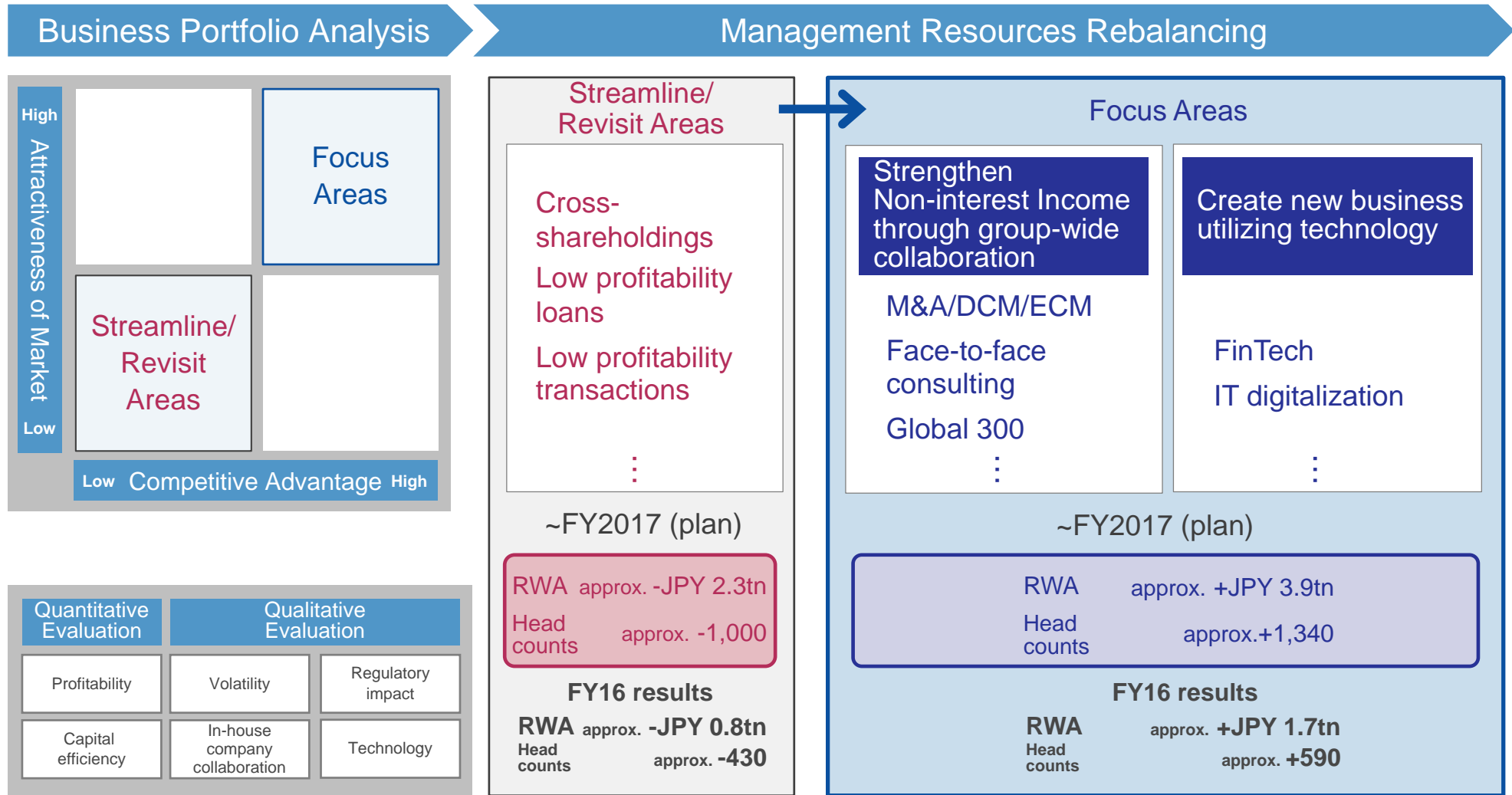
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## **Strengthen Top-line Profit**

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# Allocating Management Resources to Achieve Our Growth Strategy

Extensively shift management resources to focus areas based on business portfolio analysis



# Strengthening of Non-interest Businesses by Accelerating Group-wide Collaboration (1)

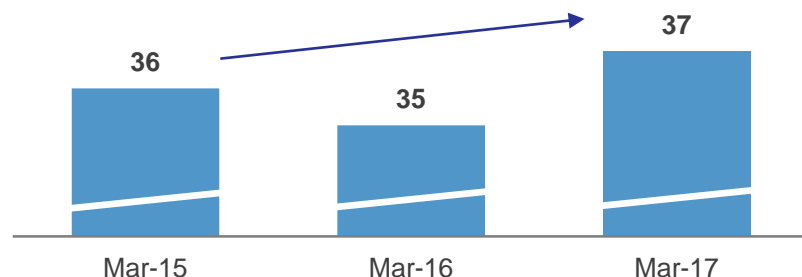
Strengthening Non-interest Income by further accelerating group-wide collaboration

Promote initiatives related to shift from savings to asset building

## Balance of investment products

(JPY tn)

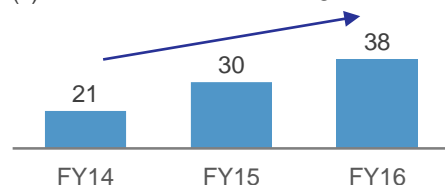
RBC management basis, rounded figures



## Promote group-wide collaboration

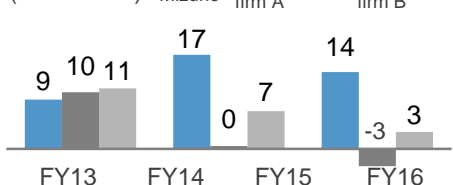
No. of customers referred to SC from BK

(k) RBC management basis



Transition of net inflow of SC clients assets

(JPY 100bn) ■ Mizuho ■ Independent firm A ■ Independent firm B



## Strengthen financial product capabilities



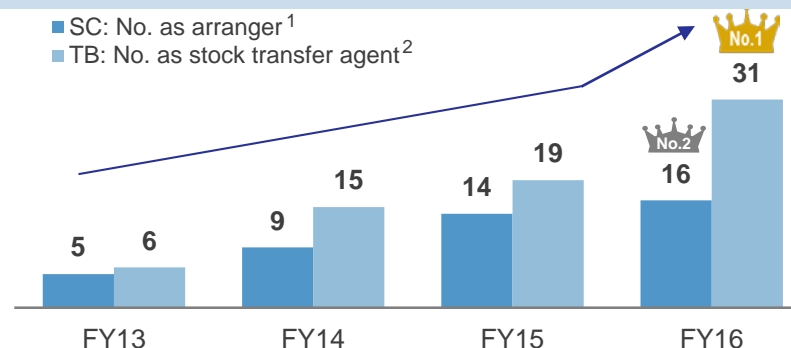
- Largest asset management company in Asia
- Apply our **advanced know-how for pension investments** to investment trusts and support movements from savings to asset building for individual investors
- Support customers' long-term investment goals by building long-term and diversified asset portfolio for their medium- and long-term asset building

Consulting business promotion toward SMEs

## IPO-related businesses

■ SC: No. as arranger<sup>1</sup>

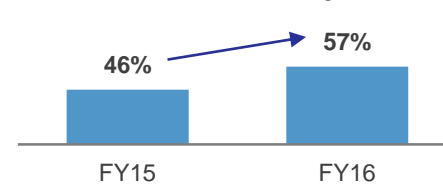
■ TB: No. as stock transfer agent<sup>2</sup>



## Promote group-wide collaboration

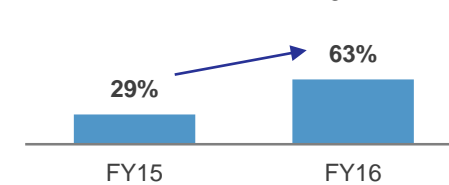
SC-lead consulting project won via referral from BK<sup>3</sup>

RBC management basis



SC-arranged IPOs where TB acted as a stock transfer agent

RBC management basis

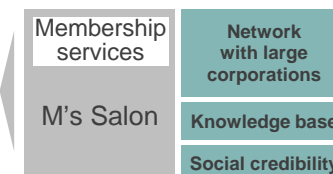


## Ring-fencing from an early stage

### Risk money provision



### Growth support

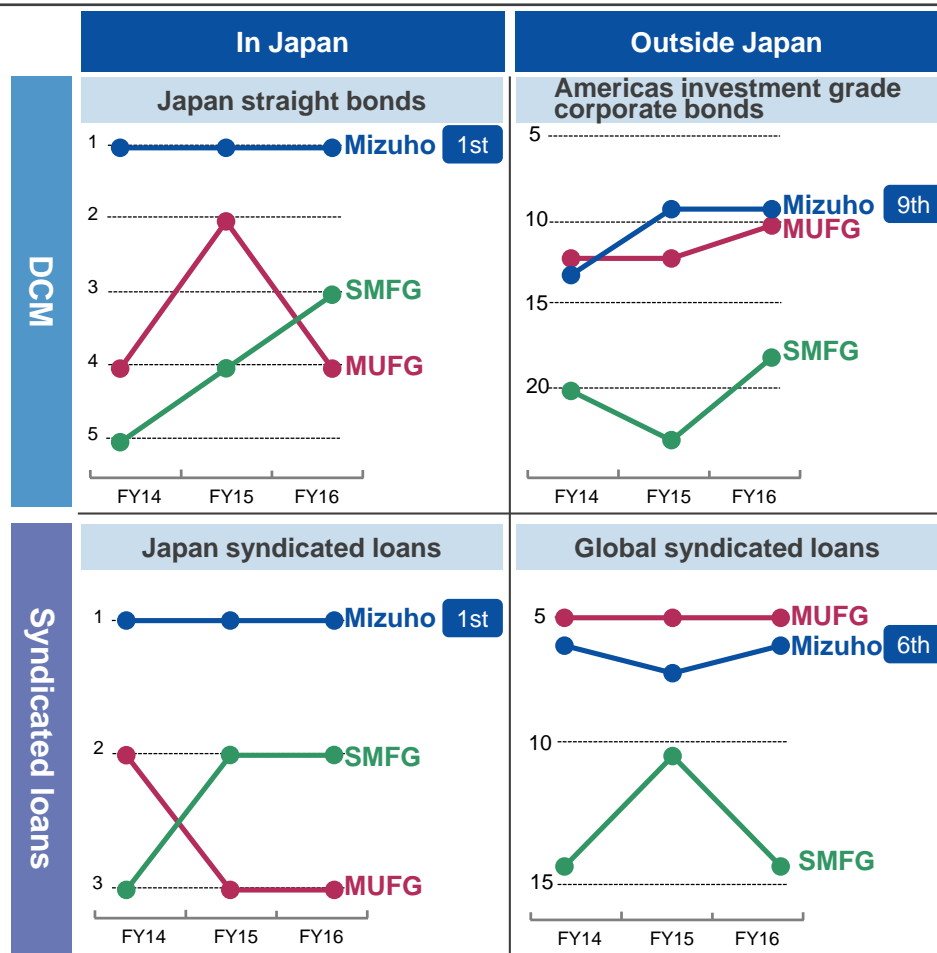


1. Prepared by SC based on data from CAPITAL EYE. Top Left basis. Excluding REIT and global offerings.  
2. Prepared by TB based on disclosure materials of each company, excluding REIT, ETF and PRO MARKET  
3. Proportion of cases obtaining lead consultant position

# Strengthening of Non-interest Businesses by Accelerating Group-wide Collaboration (2)

Capture the dynamism of global industry activities leveraging our increased presence in the debt market – “in the flow & in the know”

## Establish a Secure Position in the Debt Market<sup>1</sup>



1. Japan straight bonds: aggregate of commercial bills, electric company bonds and bonds for individual investors (Source: I-N Information Systems) / Americas investment grade corporate bonds: Americas, investment grade and bookrunner basis (Source: Dealogic) / Japan syndicated loans: bookrunner basis (Source: Thomson Reuters) / Global syndicated loans: bookrunner basis (Source: Thomson Reuters)  
 2. Corporate Finance Advisory and Solutions 3. Corporate Finance Advisory

## Build a Global Sector-based Business Promotion Structure

### Mizuho's strengths

**Advanced banking and securities integrated model**

In-house company system: first as a Japanese bank

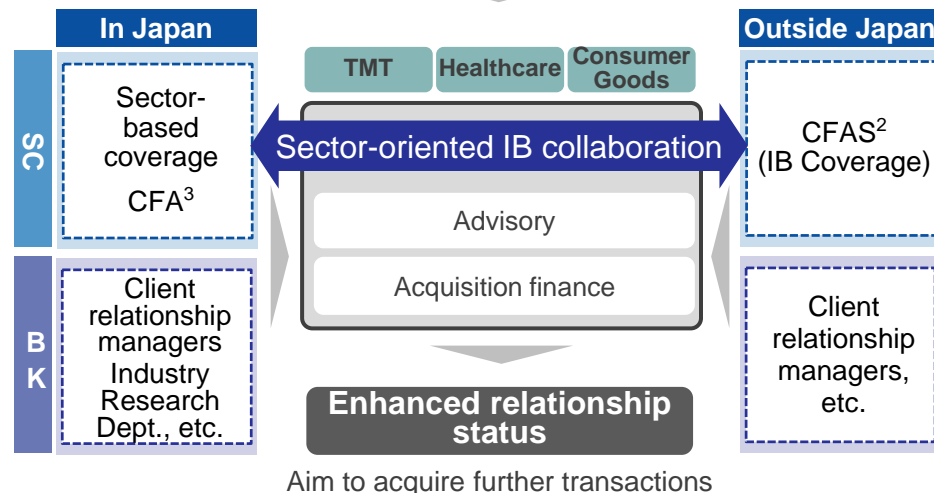
**Strong relationship with major corporations in and outside of Japan**

Major corporations in Japan / Global 300

**Differentiated functions**

Industry Research Dept./ CFAS<sup>2</sup>, etc.

### Capture the dynamism of global industry activities



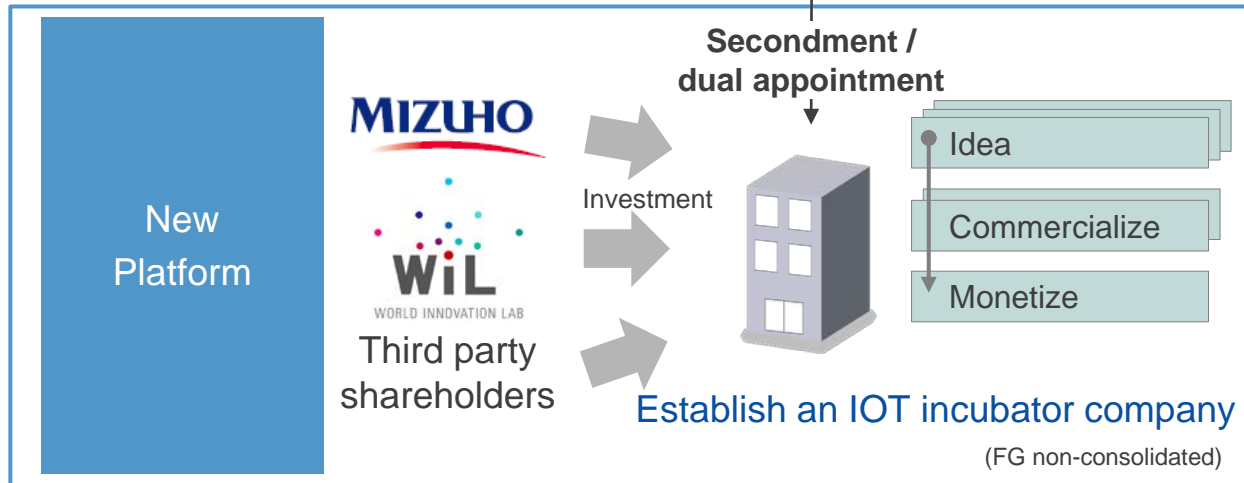
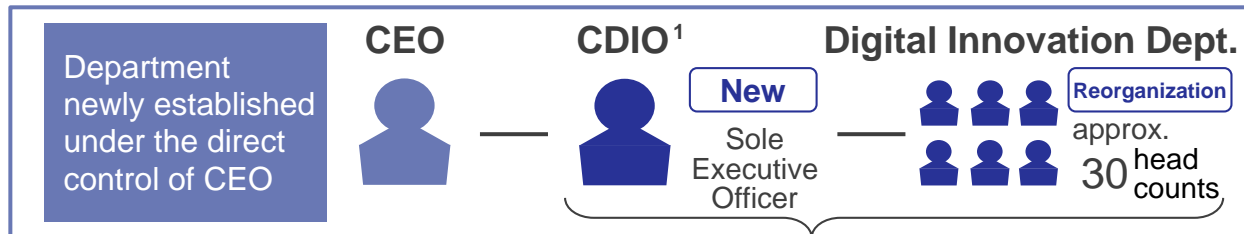
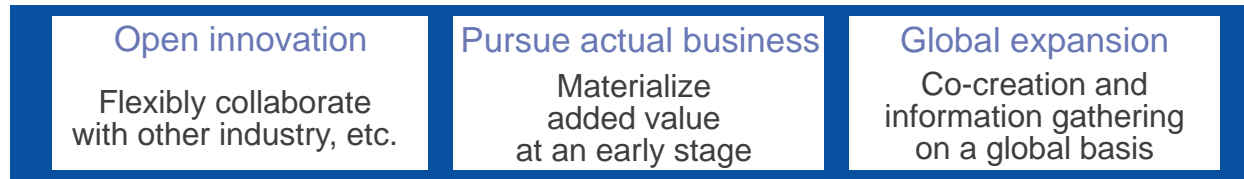
**Promotion structure**

**Top-down promotion led by executive officers**

# Creation of New Business based on Technology

Aim to develop new business by strengthening business promotion structure

## Create Next-Generation Business Model through Enhanced Business Promotion Structure



1. Chief Digital Innovation Officer 2. Explanation of business is based on the current estimate

## Creation of New Business

### Lending business



Expected launch: Summer 2017

- Scoring system utilizing Big Data of Mizuho and SoftBank, and AI
- Interest rate and facility amount decision based on scores



### Japan's first score-based lending business

### Settlement



Expected launch: Summer 2017<sup>2</sup>

- Issue e-money directly chargeable through the bank account
- Provide wallet application for settlement using e-money



### New settlement business utilizing Big Data

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## Fundamental Reform of HR Management

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# Fundamental Reform of HR Management

Fundamentally reform HR management in order to promote active participation of the employees and to establish a unified group culture

## Mizuho's Initiatives

**HR management that respects employees' individuality**

**Future executive leader development**

**Globalization of talent and HR management**

**Strategic employee rotation**

**Diversity & Inclusion**

## Mizuho's Vision = Fully exercise the potential of all employees

Eliminate excess application of HR management based on the starting year at Mizuho and exit from uniform HR management

### HR management that respects employees' individuality

- Shift to development-focused HR management focused on enhancing each employee's core potential
  - Encourage active approach to challenges and evaluate learning from failures
- Extend multi-track HR management to respond to diverse career goals
- Encourage physical and mental healthcare and develop sound work environment

### Provide growth opportunities for all employees

### Future executive leader development

- Implemented "Mizuho Future Executive Leader Development Program"
  - Develop leaders through strategic stretch job assignments, training, coaching and feedback, etc.
- Select candidates on a group & global-wide basis and proactively change and add members

### Develop leaders who can make changes

### Globalization of talent and HR management

- Accelerate the promotion of employees hired outside Japan to management positions
- Enhance ability of employees in Japan to respond to globalization
  - Progressive expansion of experience working abroad including increasing first time assignment to offices outside Japan
- Promote globalization of the head office

### Assigning the right person to the right position on a global basis

### Strategic employee rotation

- Well-planned personnel development to support materialization of strategies in various business fields
- Strategically rotate employee on cross-in-house company and cross-entity basis to encourage development and establishment of a business field

### Develop HR that supports implementation of strategies



# Diversity & Inclusion

Create new values by promoting development and active participation of a diverse workforce

## Reform in HR management

Develop and assign women and non-Japanese personnel to management positions

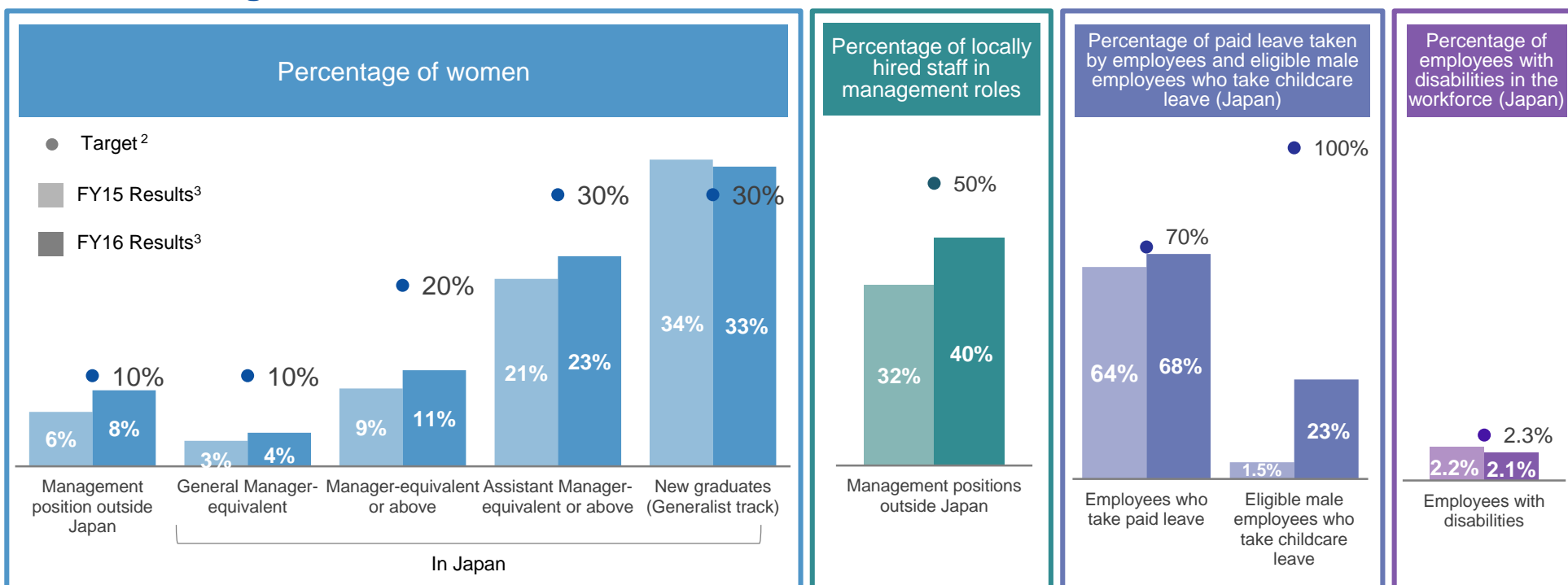
## Transform work-life balance management

Provide diverse working arrangements to enable long-term retention

## Change the mindset and behavior

Change mindsets on diverse working arrangements and workplace

## Numerical targets<sup>1</sup>



1. Aggregate of FG, BK, TB and SC except for percentage of employee in management positions outside Japan (women and locally hired staff in management role) that are of BK only

2. Targets are for Jul-19, except for new graduates in (generalist track) that is for employees joining in FY19, employees who take paid leave and eligible male employees who take childcare leave that are for FY18, and percentage of employees with disabilities in the workforce that is for Jun-19

3. Results are for Mar-16 and Mar-17, except for new graduates (on generalist track) that is for employees joining in FY16 and FY17, and employees who take paid leave and eligible male employees who take childcare leave that are for FY15 and FY16

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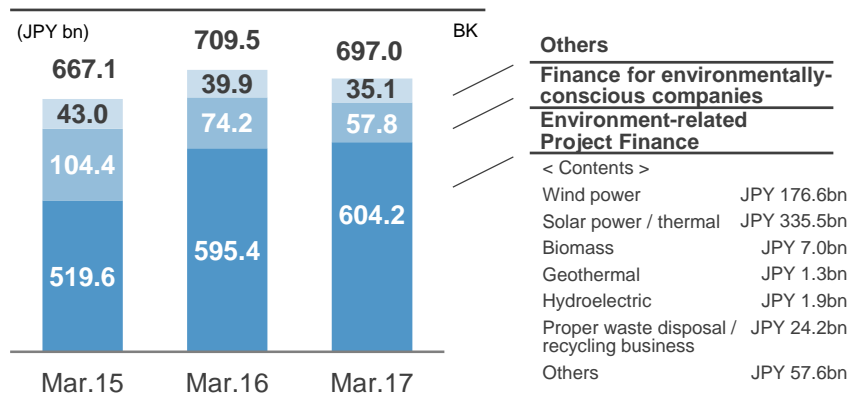
# Initiatives Related to Environment and Society

## Continuing initiatives for sustainable development of Mizuho and society

### Environmental Finance

Continuing proactive involvement in environmental finance

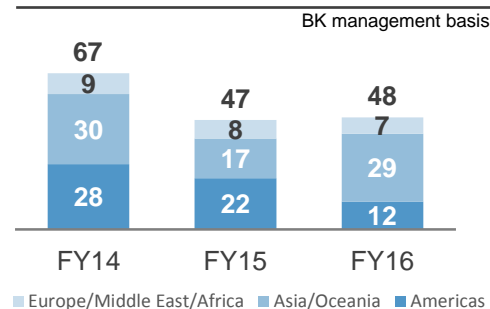
#### Environmental finance results



### Initiatives for the Equator Principles

Apply the Equator Principles\* for large-scale development project finance transactions to confirm whether sufficient attention has been given to social risk such as environmental risk and human rights

#### No. of Equator Principles-applied projects signed

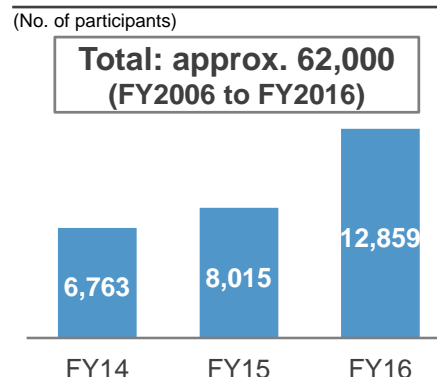


\* Equator Principles:  
Principles to encourage to be consciousness about environment and social issues associated with financing of large scale projects

### Financial Education

Support financial education to address the social needs such as to improve financial literacy

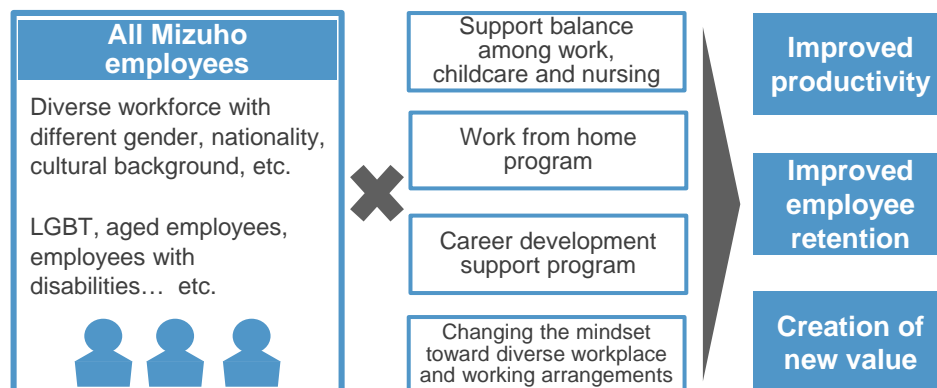
#### No. of financial education participants



School visiting lecture

### Promote Active Participation of a Diverse HR

Create new corporate values through active participation of a diverse workforce including different gender and nationality

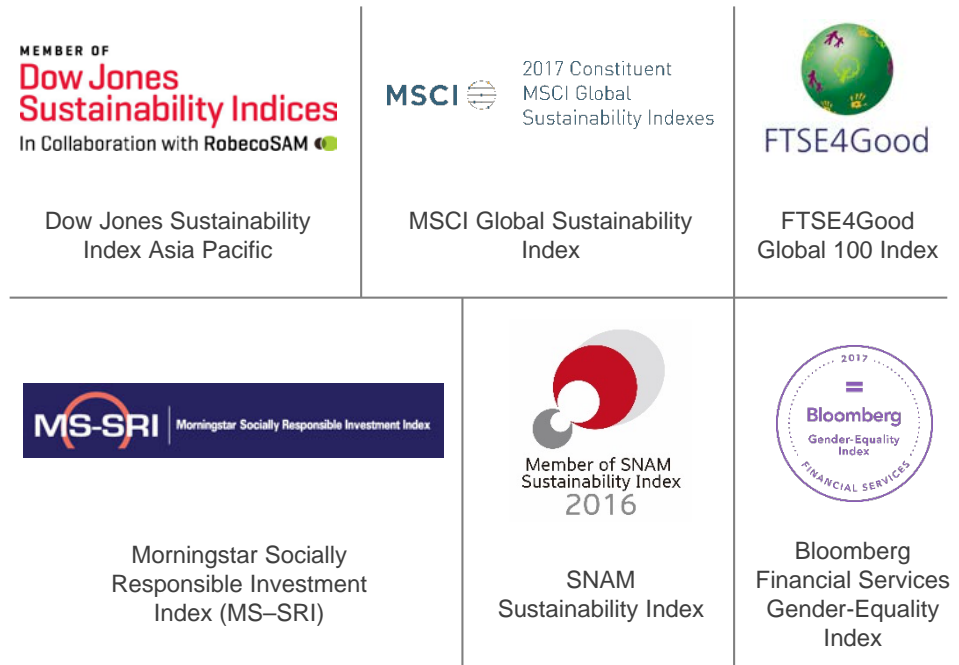


# Reference: ESG-related Recognition and Awards

## Participation in ESG-related Initiatives <sup>1</sup>



## Inclusion in Social Responsibility Indices <sup>2</sup>



## Other Awards



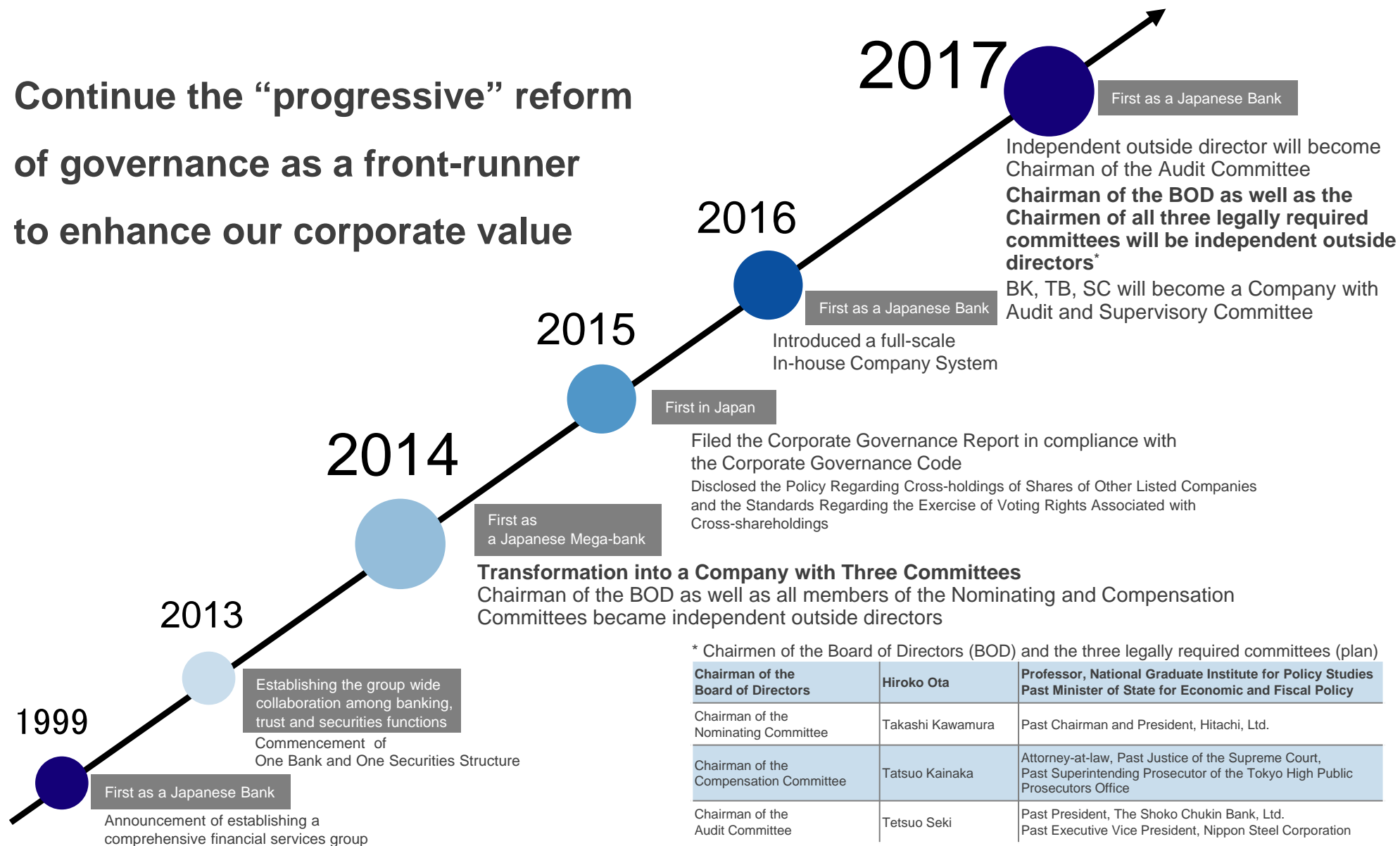
Further information :

1. <https://www.mizuho-fg.com/csr/mizuhocsr/management/initiative.html>

2. <https://www.mizuho-fg.com/csr/mizuhocsr/rating/index.html>

# Progress of Strengthening Corporate Governance

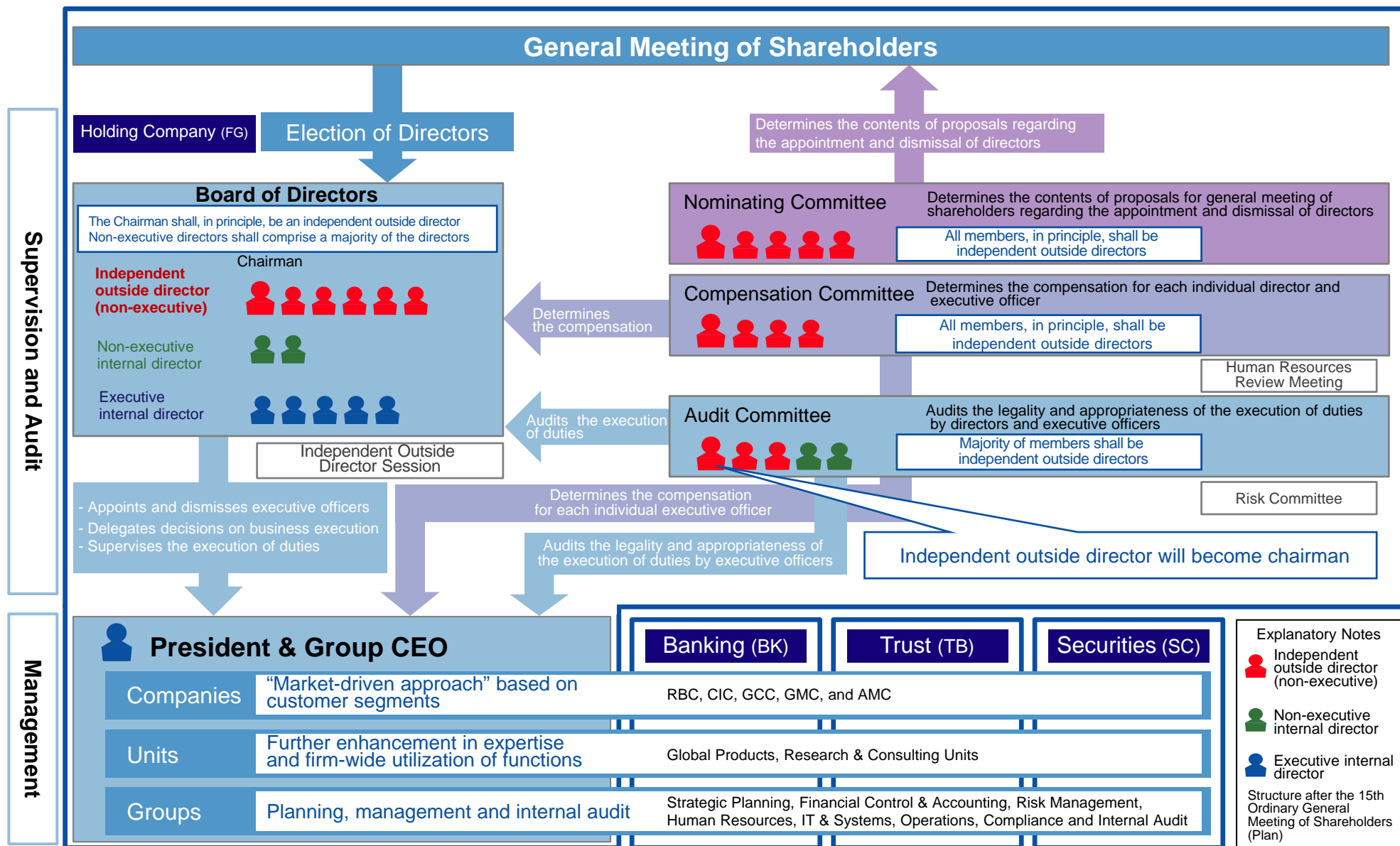
Continue the “progressive” reform of governance as a front-runner to enhance our corporate value



\* Chairmen of the Board of Directors (BOD) and the three legally required committees (plan)

Chairman of the Board of Directors	Hiroko Ota	Professor, National Graduate Institute for Policy Studies Past Minister of State for Economic and Fiscal Policy
Chairman of the Nominating Committee	Takashi Kawamura	Past Chairman and President, Hitachi, Ltd.
Chairman of the Compensation Committee	Tatsuo Kainaka	Attorney-at-law, Past Justice of the Supreme Court, Past Superintending Prosecutor of the Tokyo High Public Prosecutors Office
Chairman of the Audit Committee	Tetsuo Seki	Past President, The Shoko Chukin Bank, Ltd. Past Executive Vice President, Nippon Steel Corporation

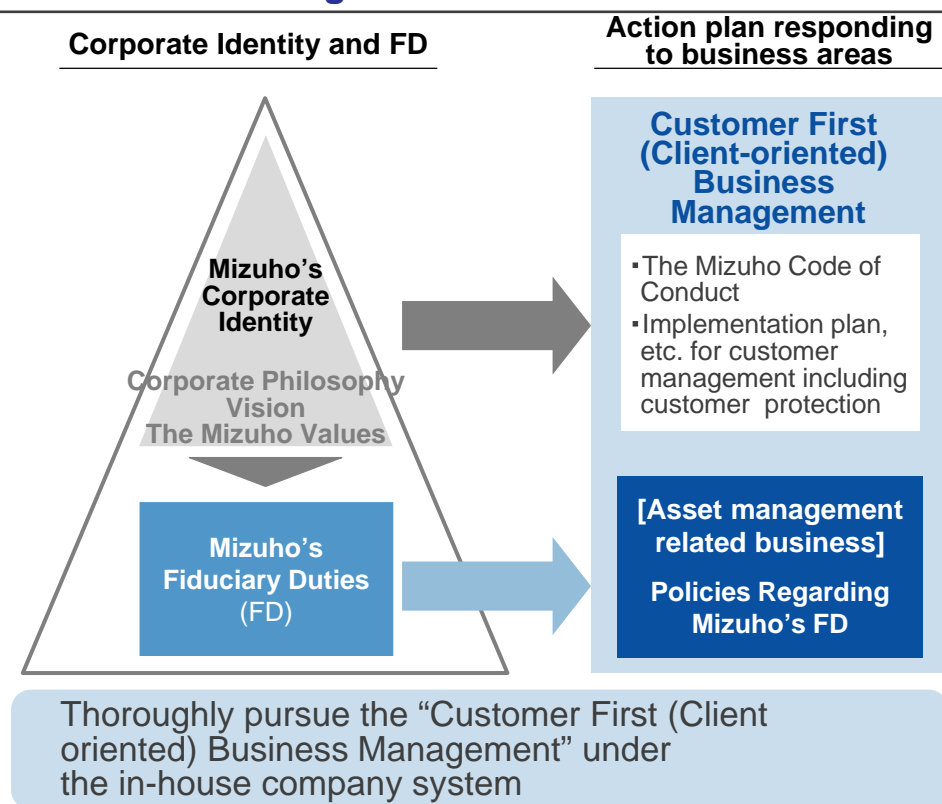
# Corporate Governance Structure



# Customer First (Client-oriented) Business Management

Thoroughly pursue the Customer First (Client-oriented) approach by providing appropriate financial solutions to meet our client's needs

## Positioning of our Customer First (client-oriented) Business Management



Provide the way for an optimum solution for our customers by bringing potential needs and challenges of our customers to light

## Initiatives to put Fiduciary Duty (FD) into Practice



Continue to seek to be our customers' most trusted medium- and long-term financial services partner by executing customer-focused initiatives

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**4. FY2016 Financial Results**



# Overview of Financial Results

## <Consolidated>

(JPY bn)

	FY16	YoY	Achievement
Consolidated Gross Profits	2,092.7	-128.8	
Consolidated Net Business Profits	663.4	-189.4	90%
Credit-related Costs	-47.5	-17.0	
Net Gains (Losses) related to Stocks	242.1	36.4	
Ordinary Profits	737.5	-260.0	
Net Income Attributable to FG <sup>1</sup>	603.5	-67.3	100%
CET1 Capital Ratio <sup>2</sup>	11.37%	0.52%	
excl. Net Unrealized Gains on Other Securities	9.27%	0.50%	

## <2 Banks>

(JPY bn)

Gross Profits	1,441.4	-157.9	
Customer Groups <sup>3</sup>	1,199.7	-45.7	
o/w Net Interest Income <sup>3</sup>	687.9	-52.3	
o/w Non-interest Income <sup>3</sup>	573.8	-32.2	
Trading & Others <sup>3</sup>	241.6	-112.3	
G&A Expenses (excl. Non-Recurring Losses)	-947.1	-36.1	
Net Business Profits	494.3	-194.1	85%
Net Income	388.0	-142.6	102%

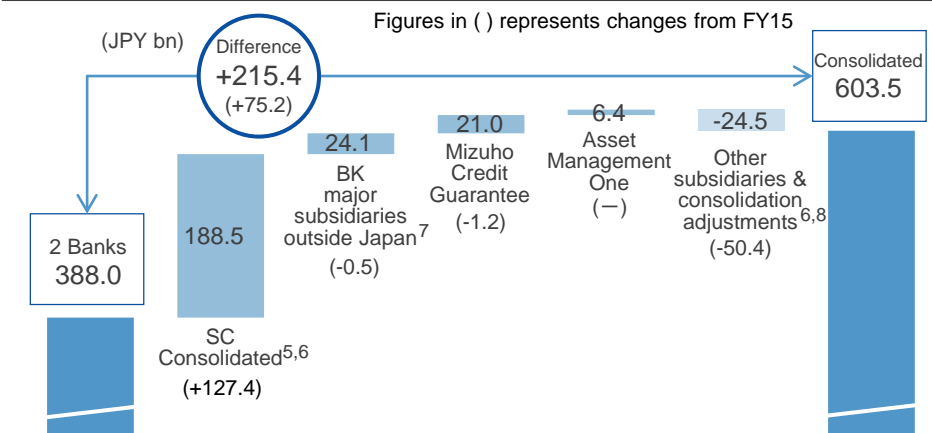
## Net Business Profits

2 Banks

(JPY bn)

	FY16	YoY
Gross Profits	1,441.4	-157.9
Net Interest Income	749.3	-116.4
Fiduciary Income	50.0	-3.2
Net Fee and Commission Income	407.5	-6.7
Net Trading Income	81.5	-14.2
Net Other Operating Income	152.8	-17.2
G&A Expense (excl. Non-Recurring Losses)	-947.1	-36.1
Net Business Profits	494.3	-194.1
excl. Net Gains (Losses) related to Bonds	397.7	-147.9

## Differences in Net Income b/w Consolidated and 2 Banks<sup>4</sup>



1. Profit Attributable to Owners of Parent 2. Basel III fully-effective basis. Including the Eleventh Series Class XI Preferred Stock for Mar-16 of JPY 98.9bn 3. FY15 figures are recalculated based on the FY16 management accounting basis  
4. Net Income Attributable to FG – Net Income of 2 Banks 5. Excluding Mizuho Securities USA and Shinko Asset Management from SC Consolidated since 2Q FY16 and 3Q FY16, respectively 6. Net Income Attributable to SC includes gains from the sales of equities of Mizuho Securities USA of JPY 45.1bn and Shinko Asset Management of JPY 54.5bn. Referenced intra-company transaction amounts are eliminated from Net Income Attributable to FG  
7. Including Net Income of Mizuho Securities USA of JPY 11.1bn (2Q-4Q) 8. Including Extraordinary Income of JPY 56.2bn due to the establishment of Asset Management One

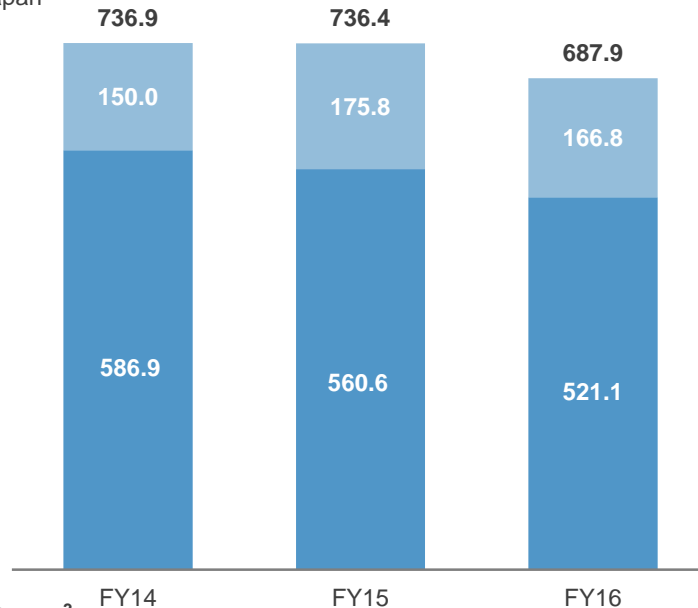
# Net Interest Income from Customer Groups

## Net Interest Income<sup>1,2</sup>

2 Banks, management account

(JPY bn)

■ Outside Japan  
■ In Japan



### Average Loan Balance<sup>3</sup>

2 Banks, banking account

	FY14	FY15	FY16
In Japan (Japanese Government etc.)	JPY 4.5tn	JPY 2.9tn	JPY 3.4tn
In Japan (excl. Japanese Government, etc.)	JPY 50.2tn	JPY 51.1tn	JPY 50.3tn
Outside Japan	JPY 16.7tn	JPY 18.5tn	JPY 20.0tn

1. In Japan: aggregate of BK domestic banking and TB / Outside Japan: BK international banking
2. Due to the introduction of the In-House Company System, there were changes in the management account rules and FY2014 and FY2015 figures are recalculated. The original figures for Net Interest Income before the recalculation were: FY2014: JPY 782.9bn (1H: JPY 389.6bn and 2H: JPY 393.3bn) and FY2015: JPY 800.3bn (1H: JPY 398.9bn and 2H: JPY 401.3bn)
3. Excluding loans to FG. Outside Japan is calculated based on an aggregate of banking and trust account basis and represents loans booked overseas, including the impact of foreign exchange translation

## YoY Increase / Decrease Factors

2 Banks

### Outside Japan

Change from FY15

Average Loan Balance	JPY 20.0tn	▲
Loan Spread *	0.90%	▲

\*management account

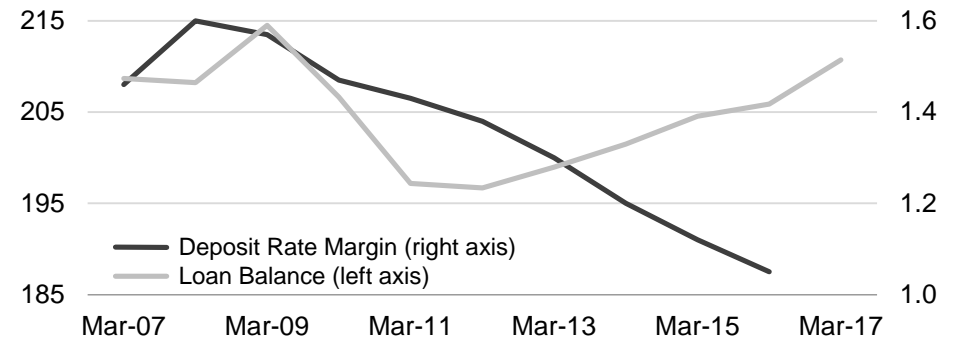
### In Japan

Average Loan Balance	JPY 53.8tn	➡
Loan and Deposit Rate Margin	0.91%	➡

## Reference: Major Banks Loan Balance / Yield Trend

(JPY tn)

(%)



Source: Bank of Japan and Japanese Bankers Association

# Net Interest Income from Customer Groups (In Japan)

## Loan Balance in Japan<sup>1</sup>

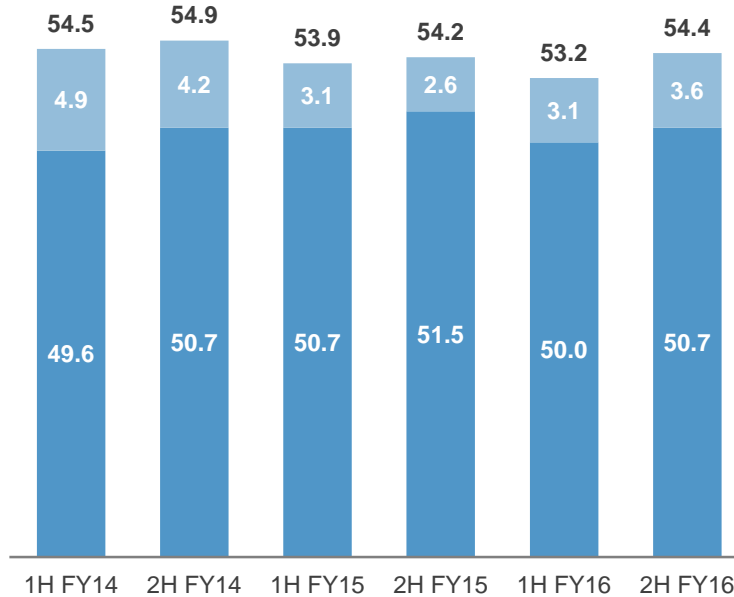
2 Banks

(JPY tn)

### Average Balance

Loans to the Japanese Government, etc.

Loans in Japan (excluding loans to the Japanese Government, etc.)



### Period-end Balance

	Sep-14	Mar-15	Sep-15	Mar-16	Sep-16	Mar-17
In Japan	54.9	54.7	54.7	53.9	54.0	54.8
Large Corp., etc.	22.7	22.2	21.6	21.1	22.1	22.3
(o/w Japanese Gov.)	(4.4)	(3.5)	(3.1)	(2.2)	(3.9)	(3.2)
SMEs <sup>2</sup>	20.3	20.7	21.4	21.4	20.9	21.7
Individuals <sup>3</sup>	11.8	11.8	11.6	11.3	11.0	10.7

1. Excluding loans to FG. Banking account

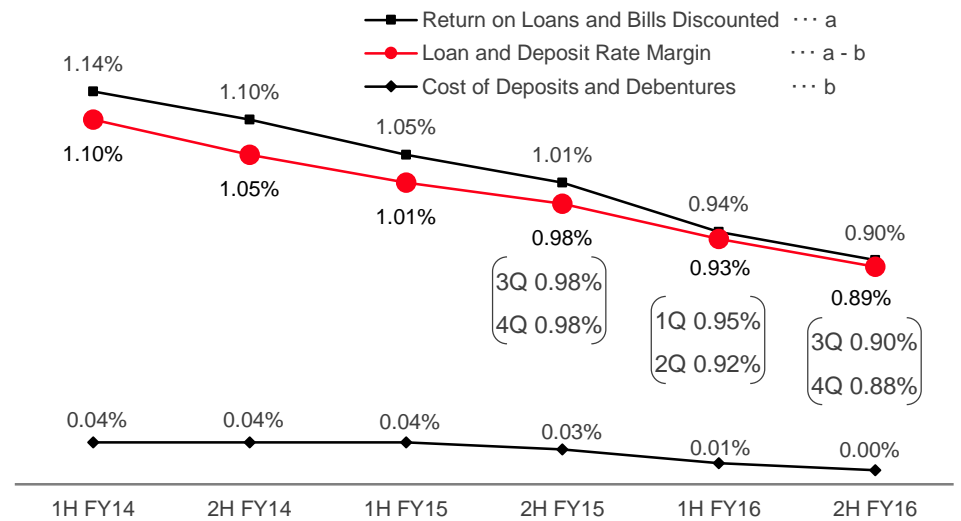
2. Calculated by deducting "Housing and Consumer Loans" from "Loans to SMEs and Individual Customers"

3. Housing and Consumer Loans

4. Domestic Operations, excluding loans to financial institutions (including FG) and the Japanese Government

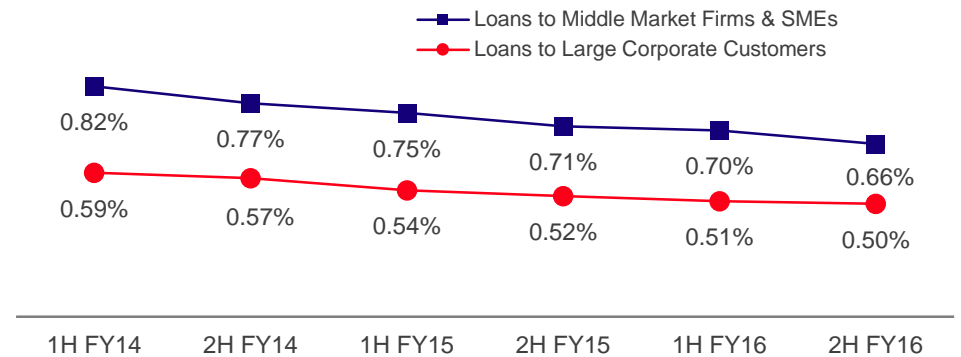
## Loan and Deposit Rate Margin in Japan<sup>4</sup>

2 Banks



## Loan Spread in Japan

BK, management account



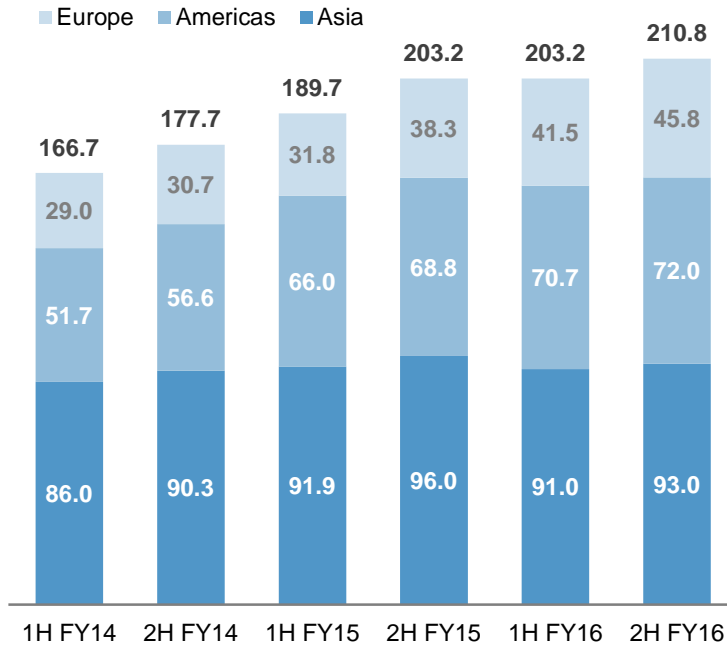
# Net Interest Income from Customer Groups (Outside Japan)

## Loan Balance outside Japan<sup>1, 2</sup>

BK, management account

(USD bn)

### Average Balance

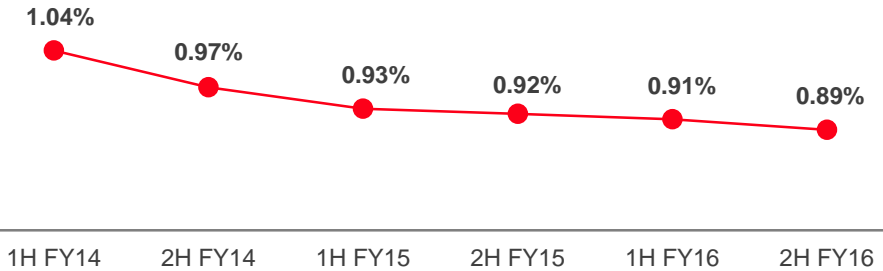


### Period-end Balance

	Sep-14	Mar-15	Sep-15	Mar-16	Sep-16	Mar-17
Outside Japan	166.4	186.6	192.5	203.6	205.1	203.3

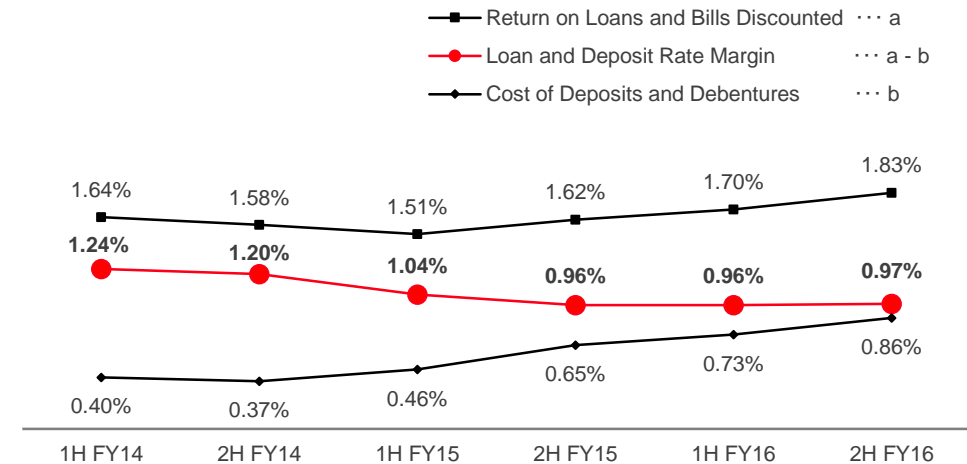
## Loan Spread outside Japan<sup>1, 2</sup>

BK, management account



## Loan and Deposit Rate Margin outside Japan

BK Overseas



1. BK (including the banking subsidiaries in China, the US, the Netherlands, Indonesia, Malaysia, Russia and Brazil)

2. New managerial accounting rules have been applied since the beginning of FY16. Figures from FY14 to FY15 were recalculated based on the new rules

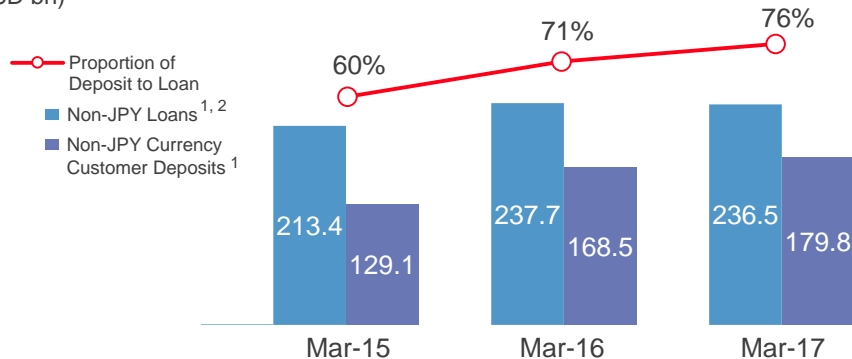
# Non-JPY Funding

Responded appropriately to the external environment by focusing on ALM with thorough early warning control, mainly through increasing non-JPY denominated deposits

## Non-JPY Loans and Deposits

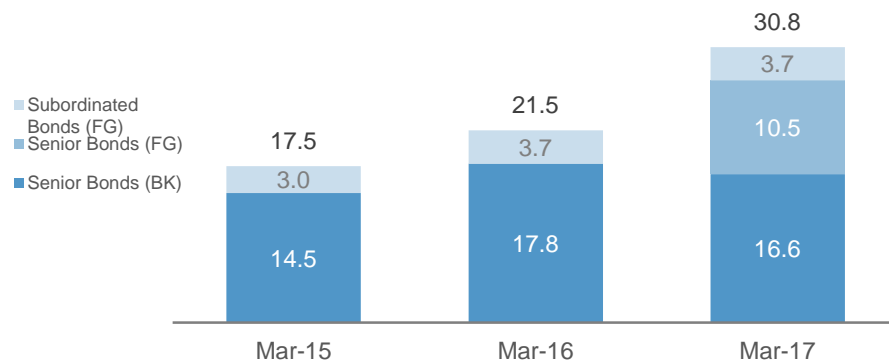
BK (incl. the banking subsidiaries in China, the US, the Netherlands and Indonesia, etc.), management account

(USD bn)



## Outstanding Balance of Foreign Currency Bonds

(USD bn)



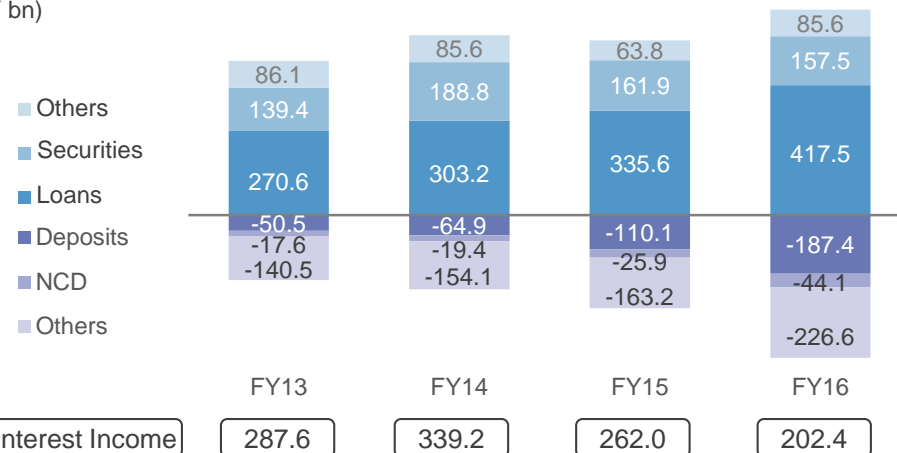
1. Including loans and deposits in Japan

2. New management accounting rules have been applied in FY16. Figures for Mar-15 and Mar-16 were recalculated based on the new rules.

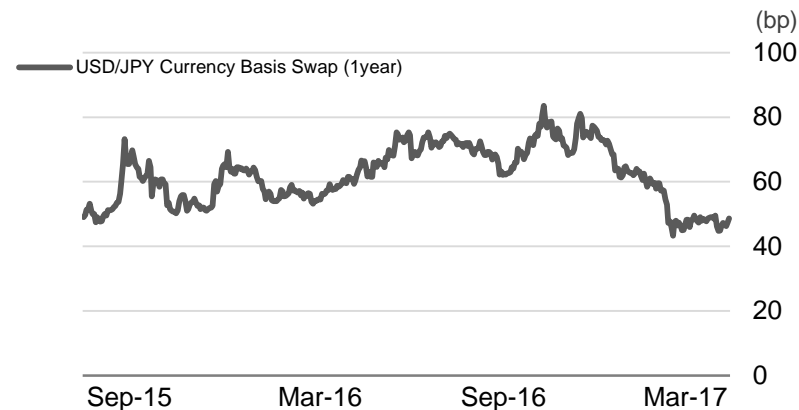
## Trend of Net Interest Income

BK non-consolidated, International Operations

(JPY bn)



## Reference: Historical Trend of Currency Swap Rates



Source: Bloomberg

# Non-interest Income from Customer Groups

Fared well in a challenging environment due to initiatives in a group integrated manner

## Non-interest Income<sup>1</sup>

(JPY bn)

group aggregate, management account, rounded figures

Figures in ( ) represent YoY

### Banking in Japan

#### Solution Business-related: JPY 125bn (+JPY 25bn)

Syndicated Loans: JPY 38bn (+JPY 6bn)  
Investment Banking related: JPY 47bn (+JPY 11bn)  
Securities-related Fees: JPY 19bn (+JPY 3bn)

#### Investment Trust & Annuities: JPY 38bn(-JPY 22bn)

Investment Trusts: JPY 18bn (-JPY 8bn)  
Individual Annuities: JPY 20bn (-JPY 14bn)

#### Settlement & Foreign Exchange: JPY 143bn (+JPY 5bn)

Settlement: JPY 70bn (+JPY 1bn)  
Foreign Exchange: JPY 73bn (+JPY 4bn)

#### Others: JPY 28bn (-JPY 15bn)

### Banking outside Japan

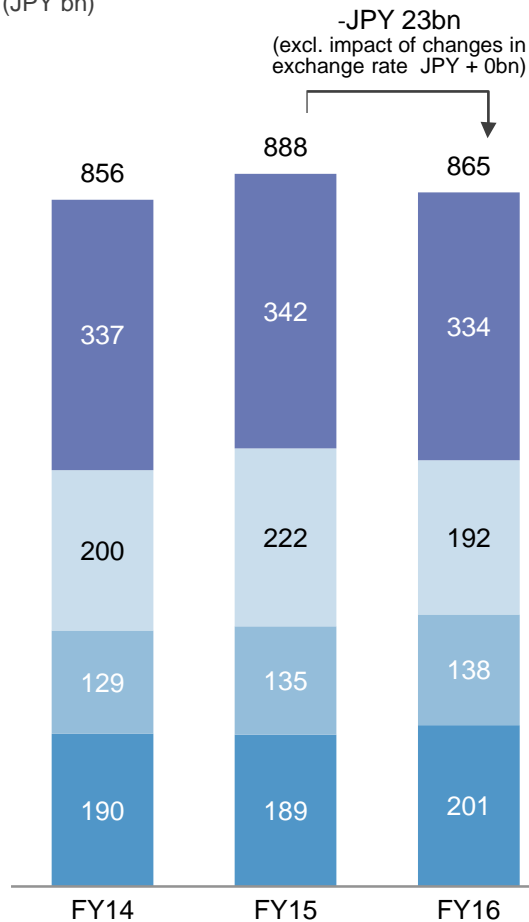
Europe: JPY 45bn (-JPY 9bn)  
Americas: JPY 76bn (-JPY 10bn)  
Asia: JPY 61bn (-JPY 11bn)

### Trust/Asset Management-related

Real Estate: JPY 47bn (+JPY 3bn)  
Pension/Asset Management: JPY 61bn (-JPY 2bn)

### Securities

In Japan: JPY 167bn (+JPY 6bn)  
Outside Japan: JPY 34bn (+JPY 5bn)

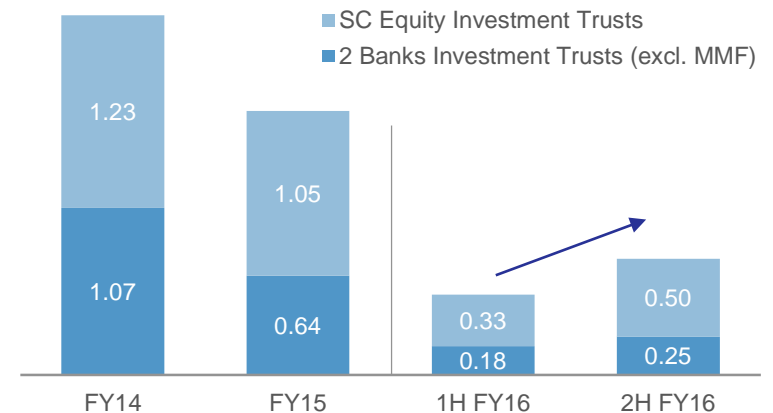


## M&A (Japanese Corporations) League Table<sup>2</sup>

Rank	Company Name	Amount (JPY bn)	No. of Deals
1	Mizuho Financial Group	6,970.6	182
2	Sumitomo Mitsui FG	2,825.7	148
3	Nomura Securities	2,852.9	112
4	Daiwa Securities Group	2,188.5	79
5	Plutus Consulting	635.5	58

## Amounts of Investment Trusts sold

(JPY tn)



1. Due to the changes in management account, the figures are recalculated. The original figures before the recalculation that changed were FY14: total JPY 870bn, Trust/Asset Management Related: JPY 120bn, Securities Related JPY 210bn. FY15: total JPY 910bn, Securities Related JPY 210bn. Other figures are unchanged. 2. April 2016-March 2017, number of deals basis, any Japanese involvement, excl. real estate deals  
Source: Prepared by SC based on data from Thomas Reuters

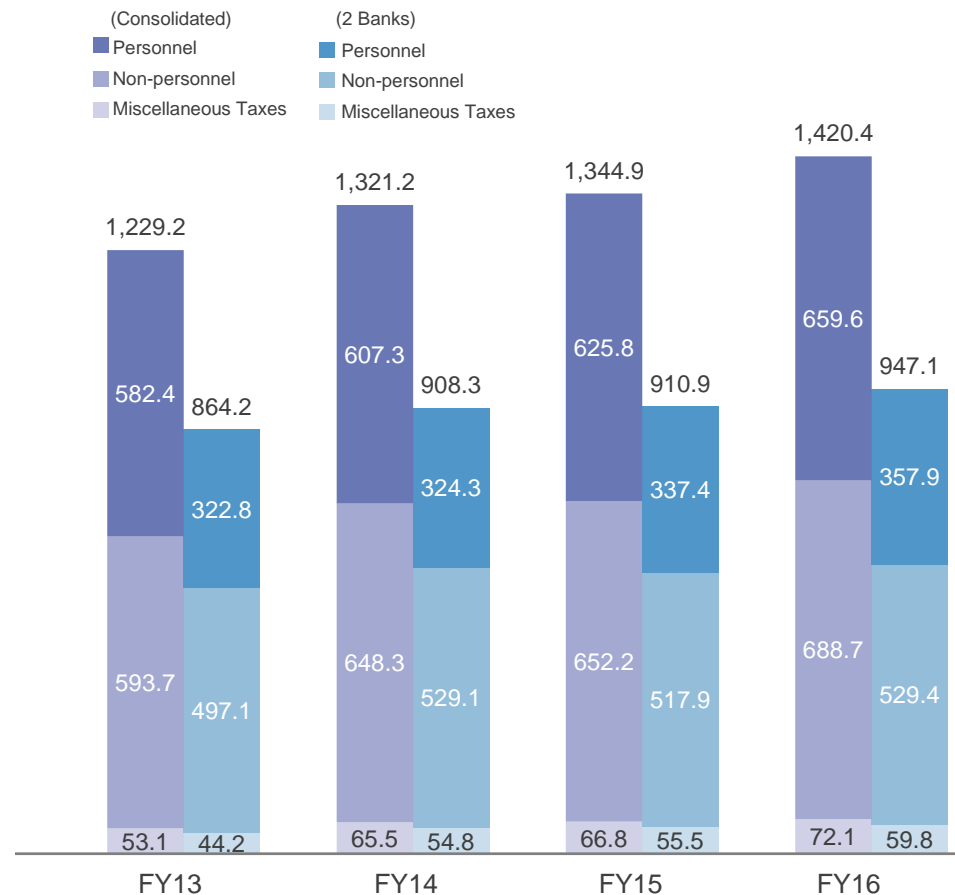
# G&A Expenses

## Controlled increase in expenses through Operational Excellence initiatives

### G&A Expenses \*

Consolidated, 2 Banks

(JPY bn)



\* Excluding non-recurring losses

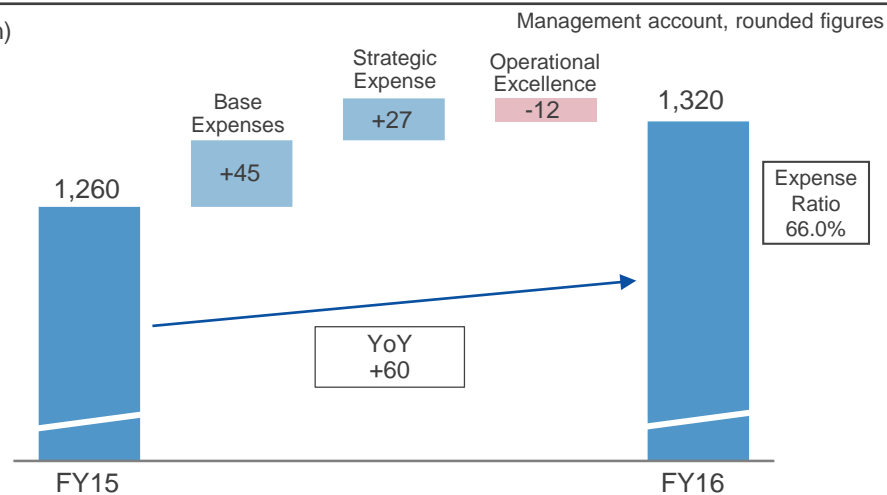
### Increase/Decrease Factors in Comparison with FY2015

(JPY bn)

	Consolidated	2 Banks	Factors, etc.
Total	+75.5	+36.1	
Personnel	+33.7	+20.4	Increase in staff and expenses related to Employee Retirement Benefits
Non-Personnel	+36.5	+11.4	Increase in Premium for Deposit Insurance inside and outside Japan
Miscellaneous Taxes	+5.2	+4.2	Increase in Size-based business Tax, etc.

### Trend of Group aggregate G&A Expenses

(JPY bn)



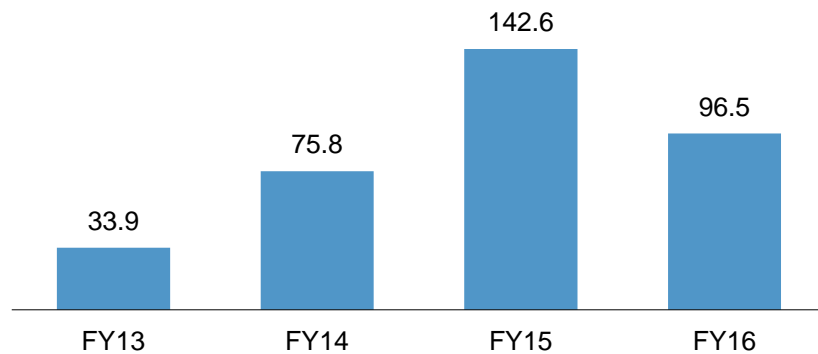
# Securities Portfolio (Bond)

Pursued flexible operations appropriately capturing interest volatility

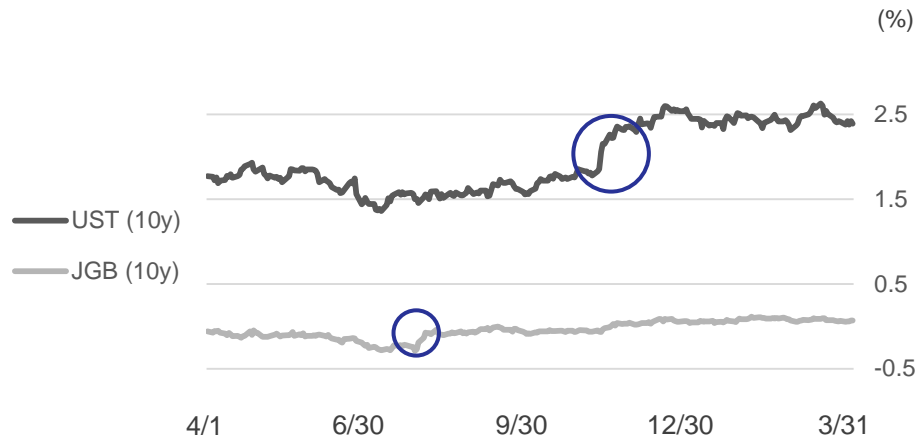
## Net Gains/Losses related to Bonds

2 Banks

(JPY bn)



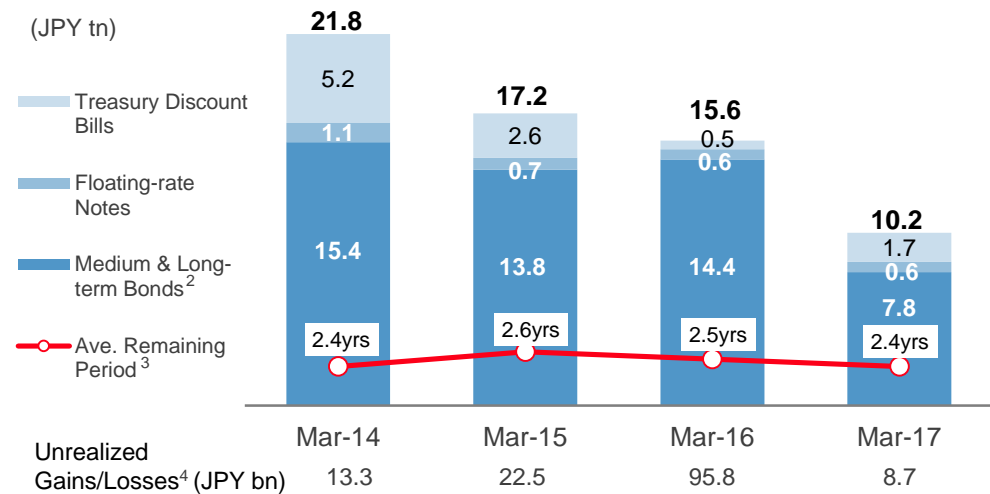
Reference: Net Interest Trend in FY16 in and outside Japan



## JGB Portfolio<sup>1</sup>

2 Banks, acquisition cost basis

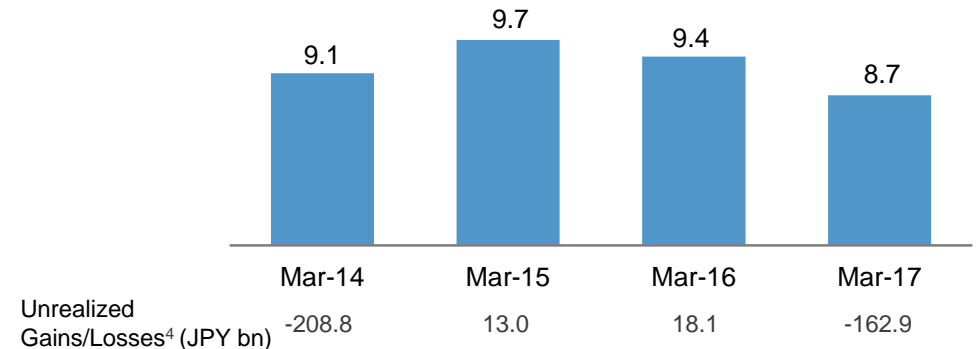
(JPY tn)



## Foreign Bond Portfolio<sup>1</sup>

2 Banks, acquisition cost basis

(JPY tn)



1. Other Securities which have readily determinable fair values 2. Including bonds with remaining period of one year or less 3. Excluding floating-rate notes

4. The base amount to be recorded directly to Net Assets after tax and other necessary adjustments. Calculated based on the quoted market price if available, or other reasonable value, at the respective period end



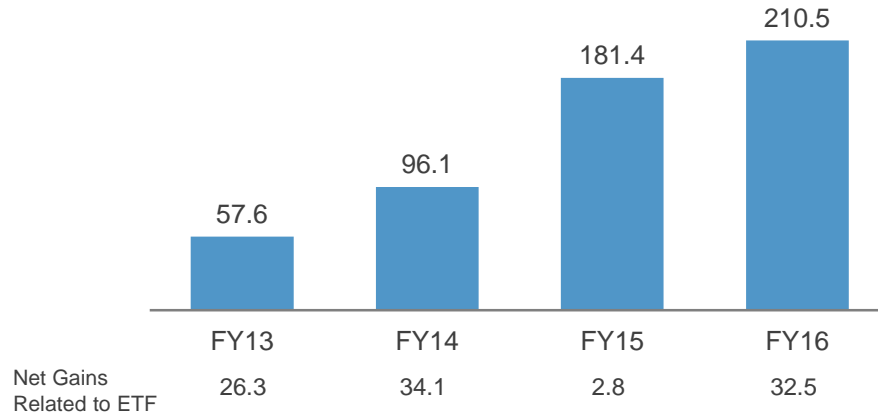
# Securities Portfolio (Stock)

Achieved reduction targets of March 2017 through implementing steady disposal of cross-shareholdings

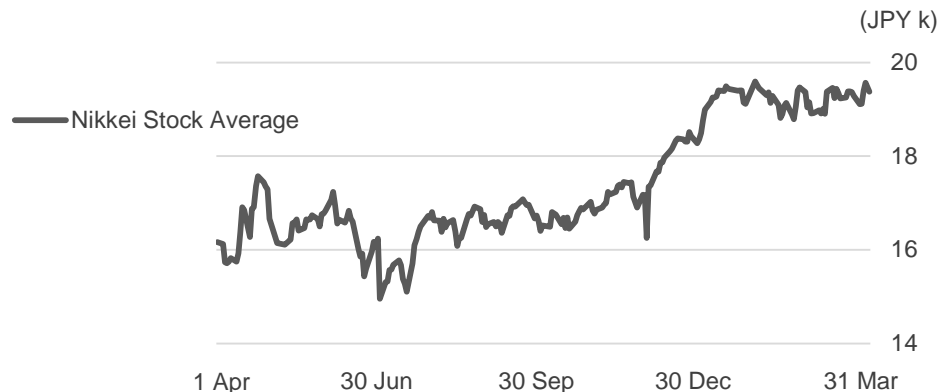
## Net Gains (Losses) related to Stocks

2 Banks

(JPY bn)



## Reference: Trend in Japanese Stock Price in FY2016

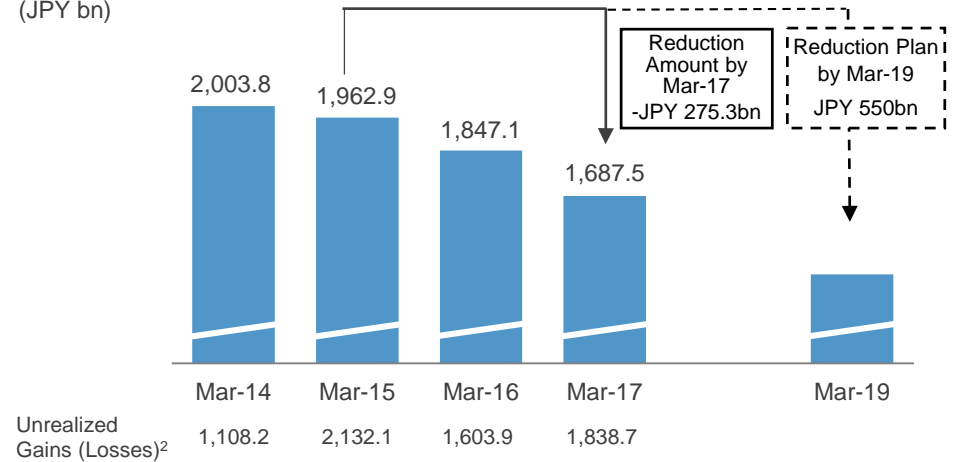


1. Other Securities which have readily determinable fair values  
 2. The base amounts to be recorded directly to Net Assets after tax and other necessary adjustments.  
 Based on the average market price of the respective month

## Japanese Stock Portfolio<sup>1</sup>

Consolidated, acquisition cost basis

(JPY bn)



## Policy for cross-shareholdings disposal

Basic Policy

Reflecting the potential impact on our financial position associated with the risk of stock price fluctuation, **unless we consider holdings to be meaningful, we will not hold the shares of other companies as cross-shareholdings**

Reduction Plan

(Compared to the balance as of Mar-15)

Mid-term Target (by Mar-17): approx. **JPY 250bn**

Medium-term Business Plan (by Mar-19): **JPY 550bn**

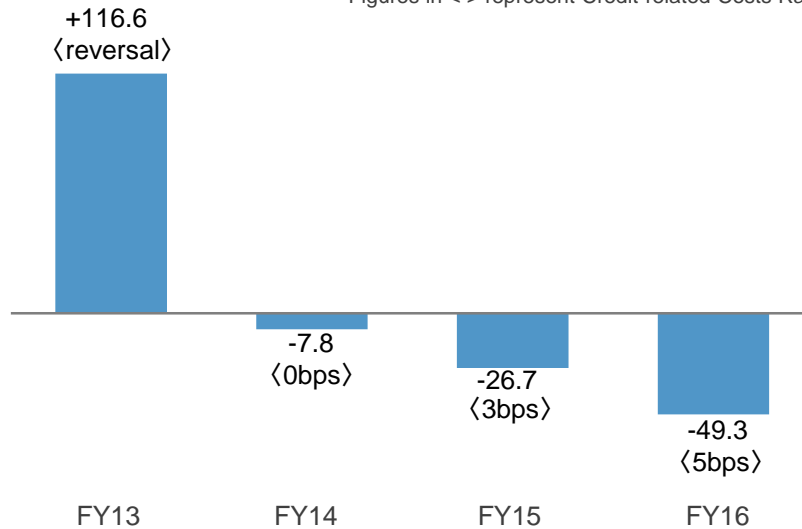
**In Progress as planned**

# Credit Portfolio

Credit-related Costs are within the expected plan. Will continue to maintain a sound credit portfolio

## Credit-related Costs

(JPY bn) 2 Banks,  
banking account + trust account  
Figures in < > represent Credit-related Costs Ratio<sup>1</sup>

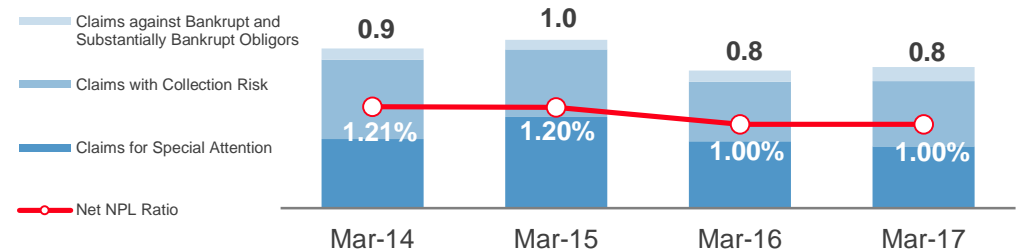


	FY13	FY14	FY15	FY16
Expenses related to Portfolio Problems	-18.1	-82.4	-44.6	-36.0
Reversal of (Provision for) General Reserve for Possible Losses on Loans	-	-	0.8	-45.1
Gains on Reversal of Reserves for Possible Losses on Loans and Others	134.8	74.5	17.0	31.9

- Ratio of Credit-related Costs (annualized) against Total Claims (period-end balance, based on the Financial Reconstruction Act)
- EDF: Expected Default Frequency (measure of the probability that a firm will default calculated by Moody's Analytics based on stock price and financial data)  
Average (no. of firms basis) of whole global listed companies and Mizuho's Japanese and non-Japanese listed customers based on data provided by Moody's Analytics  
Resource related is an aggregate of mining, oil refining and oil, gas & coal exploration/production

## Disclosed Claims under the Financial Reconstruction Act

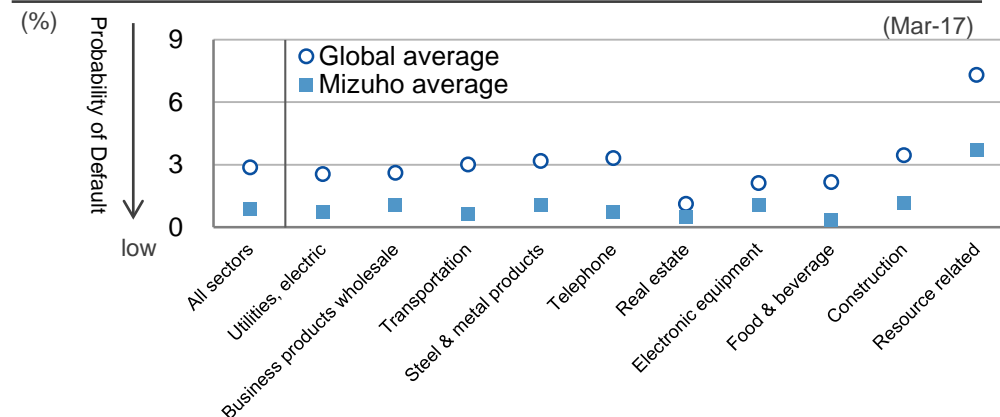
(JPY tn) 2 Banks,  
banking account + trust account



### Other Watch Obligors

	2 Banks, banking account			
Balance (JPY tn)	2.6	1.5	1.6	1.6
Reserve ratio	6.34%	3.72%	3.66%	6.69%

## Reference: EDF by Moody's Analytics<sup>2</sup>



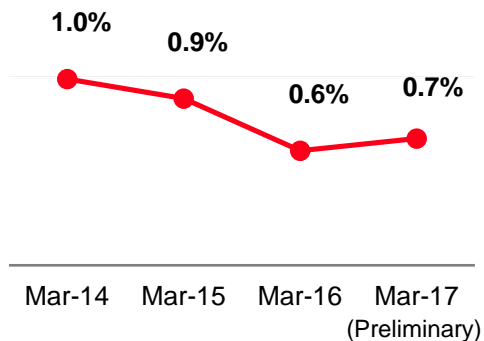
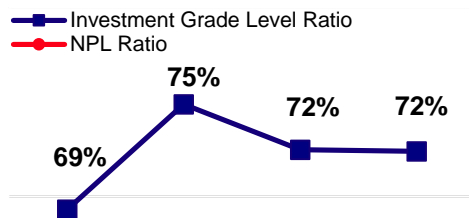
Demonstrating the soundness of Mizuho's credit portfolio

# Loan Portfolio Outside Japan

Established a stable and diversified loan portfolio

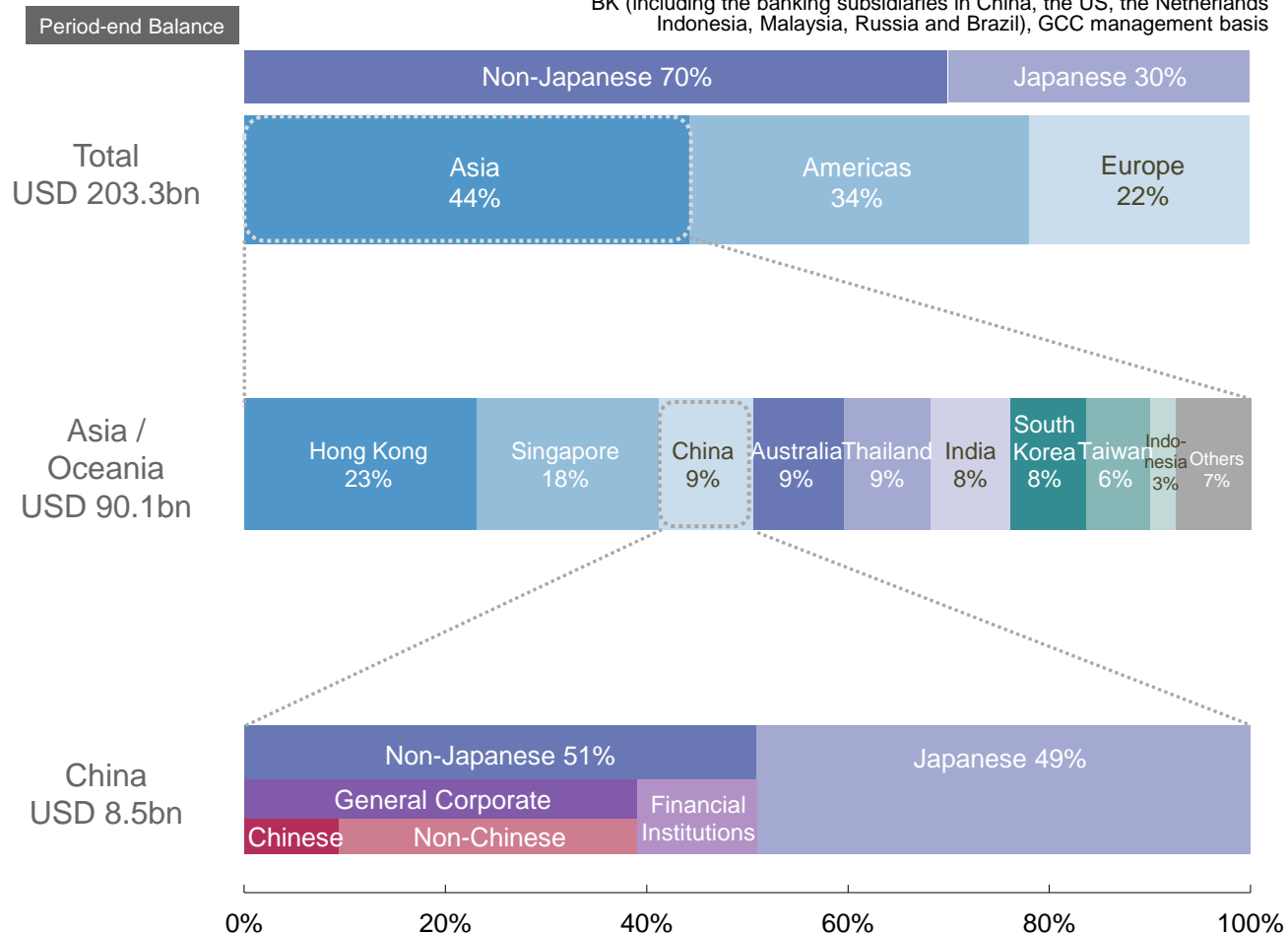
## Quality of Loan Portfolio\*

BK (including the banking subsidiary in China)  
GCC management basis



## Loan Portfolio Outside Japan (Mar-17)

BK (including the banking subsidiaries in China, the US, the Netherlands, Indonesia, Malaysia, Russia and Brazil), GCC management basis



\* Management accounting rules were changed. The original figures for Investment Grade Level were 70% for Mar-14 and 73% for Mar-16. All other figures remain unchanged