

## Message from the Group CFO

Towards achieving our 5-Year Business Plan, we will accelerate our initiatives for continuous growth while fully preparing for changes in the business environment.



### Makoto Umemiya

Member of the Board of Directors  
Deputy President & Senior Executive Officer  
Group Chief Financial Officer (Group CFO)

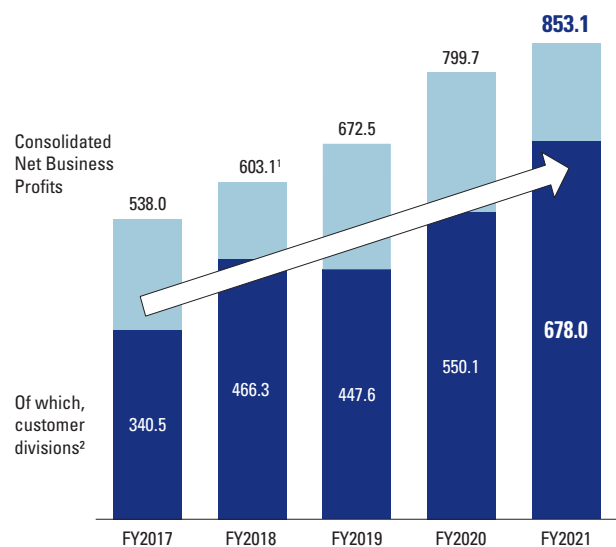
#### Overview of fiscal 2021

##### »» Fiscal 2021 performance

Fiscal 2021 was a year of substantial changes in the business environment. In addition to the prolonged impact of the COVID-19 pandemic, there were also global supply constraints, a shift in US monetary policy responding to escalating inflation, and the worsening Russia-Ukraine situation. Even so, we have performed well in making full use of the strengths we have cultivated and in preparing for future risk.

Consolidated Net Business Profits,<sup>1</sup> which indicate the profits of our core business operations, increased year-on-year by ¥53.4 billion to ¥853.1 billion. The harsh market environment—with its rising interest rates, falling bond prices, and stock price slump—led to a decline in year-on-year profits for markets divisions. For customer divisions, the business and finance structure reforms we have pursued as part of our 5-Year Business Plan yielded results in our asset management business, loan-deposit spreads outside Japan, solutions business, and others. For the second year in a row, we recorded our highest profits since the introduction of the in-house company system.

##### Historical data (¥ billion)



1. Prior to reflecting one-time losses of ¥194.7 billion recorded in light of structural reform initiatives.

2. Total for the Retail & Business Banking Company, Corporate & Institutional Company, Global Corporate Company, and Asset Management Company. Past results have been recalculated based on fiscal 2021 management accounting rules.

Regarding Credit-related Costs, we recorded reserves of ¥116.1 billion in relation to the Russia-Ukraine situation, including those from a forward-looking perspective. Aside from credit extended to companies located in Russia, this figure also takes into account the indirect ripple effect from factors including deteriorated business performance among companies in Japan, caused by surging resource prices. By preparing for such ripple effects through these reserves, we have taken the most extensive preventative action possible for a scenario in which the future credit environment worsens further. We have also made efforts to improve the hedging price of bear funds held for the purpose of mitigating stock price fluctuation risk in cross-shareholdings. At one point, unrealized losses grew to as much as ¥150 billion, but at present they have fallen back down to around ¥30 billion.

As a result of the above, Profit Attributable to Owners of Parent increased by ¥59.4 billion year-on-year to ¥530.4 billion, surpassing our fiscal year earnings estimates, which were revised upwards in November 2021. Our Common Equity Tier 1 (CET1) Capital Ratio<sup>2</sup>—which indicates financial soundness—was 9.3% as of March 31, 2022, remaining at the CET1 Capital Ratio target stipulated in our 5-Year Business Plan, which was set at the lower end of the 9 – 10% range. Regarding dividends, taking into account the performance of Profit Attributable to Owners of Parent, we have decided to increase annual cash dividends by ¥5 to ¥80 per share of common stock from fiscal 2020, marking our first raise in dividends in seven fiscal years.

1. Includes Net Gains (Losses) related to ETFs (Mizuho Bank and Mizuho Trust & Banking) and Net Gains on Operating Investment Securities (Mizuho Securities consolidated)  
 2. Basel III finalization fully effective basis, excluding Net Unrealized Gains (Losses) on Other Securities

### » Progress on the 5-Year Business Plan

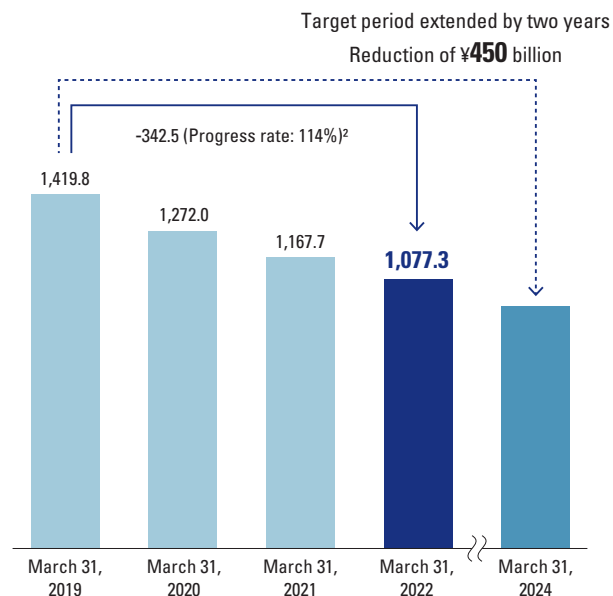
The following four KPIs are included in our 5-Year Business Plan: CET1 Capital Ratio target (as mentioned above as a financial target), Consolidated Net Business Profits, Consolidated ROE, and cross-shareholdings reductions. Looking back over the first three years of the plan, I will describe the achievements and issues concerning each of these items.

For our finance structure reforms, we evaluated each business area based on four metrics. The first two were (1) risk & return and (2) cost & return, which measure the efficiency of returns on invested corporate resources. The other two were (3) revenue stability and (4) revenue growth. Based on our evaluation, we are reviewing our allocation of corporate resources and moving forward with initiatives for restructuring our business portfolio. One outcome of this is that Consolidated Net Business Profits, which were just over ¥600 billion at the start of the 5-Year Business Plan, are steadily approaching our fiscal 2023 target of ¥900 billion. Further, we have substantially improved our revenue stability, as stable revenue increased by ¥150 billion in the three-year period to the end of fiscal 2021, exceeding our initial expectations. On the other hand, our progress in areas such as frontier business fields and digital transformation has been less than ideal. We recognize these areas, as well as the allocation of corporate resources to ensure stable operations, as being key challenges going forward.

As for Consolidated ROE, our fiscal 2021 performance was 6.4%, a 0.5% year-on-year increase. In order to reach our fiscal 2023 target of 7 – 8%, in addition to aiming for a further increase in Consolidated Net Business Profits, we are continuing to enhance our credit management capabilities, after reflecting on lessons learned from the fiscal 2021 Credit-related Costs for some of our large clients.

Regarding the reduction in cross-shareholdings, for which we established a target to reduce cross-shareholdings by ¥300 billion over three years through the end of fiscal 2021, we achieved our target by selling ¥315.8 billion over the three-year period. In our shift from business relationships and structures dependent on cross-shareholdings, we are continuing our initiatives to reform our business structure while simultaneously improving risk & return through such means as investing the resources secured from reducing cross-shareholdings into

#### Reduction of cross-shareholdings<sup>1</sup> (¥ billion)



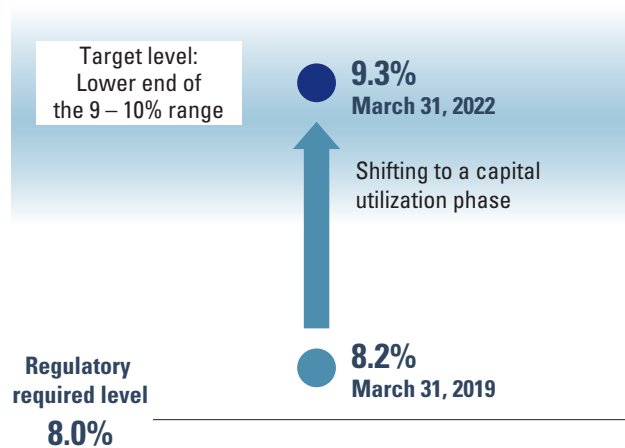
1. Acquisition cost basis  
 2. Of which, - ¥315.8 billion from sales (Progress rate: 105%)

## Message from the Group CFO

quasi-equity loans or preferred stock that facilitate the business structure transformation of clients.

Lastly, having achieved our CET1 Capital ratio target range at the end of March 2021, we have shifted from a capital accumulation phase toward a capital utilization phase. Accordingly, we will carry out a capital management policy that balances growth investment with shareholder returns. We will focus our efforts on improving capital efficiency while avoiding excessive capital accumulation.

### Common Equity Tier 1 (CET1) Capital Ratio<sup>1</sup>



1. Basel III finalization fully effective basis, excluding Net Unrealized Gains (Losses) on Other Securities

### Mizuho's continuous growth initiatives

- Stable business operations
- Enhance and expand personnel and IT / digital areas, both of which underpin Mizuho's competitiveness
- Business portfolio
  - Further strengthen business development in existing business areas that leverage Mizuho's strengths
  - Seek out new business areas including sustainability and digital transformation

## Financial management for Mizuho's growth

As the fourth year of the 5-Year Business Plan, fiscal 2022 will be an important year for making further progress towards achieving continuous growth, even as we enjoy the successes of our initiatives to date. While preparing ourselves thoroughly for rapid changes in the business environment, in addition to achieving stable business operations following the recent IT system failures, we will accelerate growth investment into personnel, IT / digital areas, and new business areas, reach our fiscal 2023 targets, and lay the foundations for the years to come.

In order to achieve stable business operations, we will allocate sufficient corporate resources to further enhancing fundamental operations such as system maintenance, improvements to—and comprehensive inspections on—existing equipment, and addressing cybersecurity risks. Our top priority is restoring customer trust and establishing a framework that ensures customers can rely on our services with the utmost confidence.

Regarding our approach to growth investment, it is extremely important to invest corporate resources from a medium- to long-term perspective. First, we will treat personnel and IT / digital areas—the corporate foundations that support Mizuho's continuous growth—as areas of focus for investing resources. While this will negatively impact our profit in the short term, we will move forward with determination and certainty, since this investment is essential for producing a competitive advantage in the future. More specifically, we will improve employee compensation and other benefits, and enhance education and training for personnel development, which form the basis of our talent pool. As well as striving for improved employee engagement, we will strengthen and expand the capacity of personnel for digital transformation. We will also press forward on firmly establishing collaborations with external partners, such as our partnership with Google, announced in fiscal 2021.

For our business areas, in order to also establish the areas where our structural reform initiatives have produced steady results as Mizuho's strengths, we will make the necessary investments in these areas without any hesitation. The investment in strengthening our North American capital markets functions that was decided in fiscal 2021 is one example of this. In fiscal 2021, we also made investments in initiatives aimed at expanding into digital financial markets in Asia, which are experiencing remarkable growth. Going forward, we will continue to explore investments that introduce new growth areas to Mizuho's business portfolio. Moreover, not limited to this kind of inorganic investment, we will continue to work on various approaches that contribute to the expansion of our future

earnings base, such as the setting of a transition investment budget that will provide access to growth areas as well as the support of clients in transforming their business structures towards decarbonization.

## » Fiscal 2022 earnings plans

Our target for Consolidated Net Business Profits in fiscal 2022 is ¥860 billion, which is slightly higher than the figure we achieved in fiscal 2021.

For customer divisions, we will make efforts to continue increasing Gross Profits, mainly from the growth of our divisions outside of Japan. However, since we will invest corporate resources in measures aimed at stable business operations and growth, as noted above, we anticipate a year-on-year drop in Consolidated Net Business Profits of ¥19 billion. Fiscal 2022 is positioned as a year of levelling off aimed at continuous growth post-fiscal 2023, and we will use this year to accelerate our initiatives.

For markets divisions, as the challenging market environment is expected to continue for the foreseeable future, we must continue exercising a careful approach. That said, considering the preventative reduction in foreign bond portfolio positions that we implemented in fiscal 2021, we expect to firmly capture revenue opportunities in fiscal 2022, and to achieve a year-on-year increase in profits.

Overall expenses are expected to increase, but we will move forward with making further progress on our structural reforms, such as consolidating our main offices in Japan and realigning our branches as part of the structural reforms to our offices. We will also maintain disciplined cost control when managing capital for growth investment.

We expect Credit-related Costs to come to ¥100 billion, representing a sharp year-on-year decrease. As factors like the Russia-Ukraine situation and surging resource prices have made for an increasingly uncertain business environment, we will continue to practice thorough credit management.

Including Net Gains (Losses) Related to Stocks centered on the reduction of cross-shareholdings, we expect Profit Attributable to Owners of Parent to reach ¥540 billion, a year-on-year increase of ¥9.6 billion.

The dividend estimates of common stock for fiscal 2022 remain at the same level as in fiscal 2021, due to the uncertain nature of the current business environment. We will review our dividend estimates as necessary in light of developments in the business environment and the progress of our business performance.

## Tax initiatives

The fulfillment of tax duties is one of the most important social responsibilities for companies. In addition to fulfilling tax duties and complying rigorously with tax laws of applicable countries and international tax rules such as the Action Plan on Base Erosion and Profit Shifting,<sup>3</sup> we strive to sustainably increase corporate value.

Specifically, we encourage our employees to become more familiar with tax through education and training sessions, and we continue working to improve the fulfillment of our tax duties. Further, through our implementation of a consolidated tax return filing system (changing to a group tax relief system from fiscal 2022) and application of tax incentives, we are endeavoring to conduct appropriate management of tax costs.

3. Base Erosion and Profit Shifting (BEPS): Tax planning strategies utilized by multinational companies to leverage gaps in national and international tax rules and artificially shift their profits to avoid taxation.

### Fiscal 2022 earnings targets

(¥ billion)	FY2021	FY2022	
	Performance	Targets	Year-on-year
Consolidated Net Business Profits (+ Net Gains/Losses related to ETFs)	853.1	860.0	+ 6.9
Credit-related Costs	-235.1	-100.0	+ 135.1
Net Gains (Losses) related to Stocks (- Net Gains/Losses related to ETFs)	-45.7	20.0	+ 65.7
Ordinary Profits	559.8	770.0	+ 210.2
Profit Attributable to Owners of Parent	530.4	540.0	+ 9.6

## Our engagement with shareholders and investors

Sustainability has been gaining greater attention in recent years. In our engagement (dialogue) with shareholders and investors, the key topics for sustainable improvement of corporate value have expanded beyond business strategy and capital management policy to sustainability initiatives, including addressing climate change. Also, following the series of IT system failures and the business improvement order, in fiscal 2021 we received a variety of feedback on approaches to governance.

Considering these circumstances, we believe that deepening bilateral communication between Mizuho and our shareholders and investors is integral to the improvement of our corporate value. For this reason, we have worked hard to further improve our disclosures and enhance our engagement. In addition to releasing new presentation materials prepared for ESG investors, at our IR Select event we spoke about the sustainable business initiatives of each in-house company. By continuing to proactively share information about Mizuho's initiatives, we are making sustainability a stronger part of Mizuho's brand, and we are advancing our efforts towards achieving a sustainable society. Acknowledging our accountability for the series of IT system failures, we have held briefings on the progress of our business improvement plan, and we have provided shareholders and investors with the opportunity to engage in direct dialogue with outside directors about topics including our corporate governance system at our IR Day event. Having recognized the need to build a more effective governance system, we will reflect the wide-ranging perspectives shared through this dialogue and make efforts to prevent further incidents in the future.

We will continue to listen closely to the views of our shareholders and investors and reflect these in our initiatives. We ask for your continued cooperation in sharing your honest comments and feedback with us.

### Financial results presentation / IR Day



In May 2022, we held the first financial results presentation since the appointment of President & Group CEO Masahiro Kihara. This covered our strategy going forward and our sustainability and digital transformation initiatives based on the results of the first half of our 5-Year Business Plan. In June, the Group CEO gave opening remarks at the IR Day event.

### FY2021 Meetings with institutional investors

**470** (includes 180 investors outside of Japan)

By executive officers **190** (includes 40 investors outside of Japan)

By IR Dept. **280** (includes 140 investors outside of Japan)

(Total number, rounded, of meetings with stock, fixed income securities, and ESG investors.)

### Initiatives pertaining to the General Meeting of Shareholders

#### Improving operations and increasing convenience

- Bringing the event date forward to avoid overlapping with other general meetings
- Publishing the convocation notice online in English approximately four weeks before the General Meeting
- Bringing forward the date of disclosing shareholding composition via the annual securities report
- Broadcasting the meeting live online, with the recording also available for viewing at a later time
- Allowing for use of smartphones in exercising voting rights

## Schedule for the year

**Jun** IR Day  
General Meeting of Shareholders

**May** **Fiscal year results**  
Financial results presentation

**Apr** Briefing on business improvement plan progress

**Feb** IR Select

**2022**

**Nov** **Interim results**  
Financial results presentation  
Briefing on IT system failures

**Sep** Presentation for individual investors  
IR Day

**Jun** General Meeting of Shareholders

**May** **Fiscal year results**  
Financial results presentation

**2021**

### ■ Presentation for individual investors

This is an online event that we have been regularly holding since 2015. As the Group CFO, I spoke on topics including Mizuho's business strategy. Currently, around 20,000 investors have viewed the presentation, including those who viewed the recording of the event.



### ■ IR Day

The head of each in-house company gave presentations covering their business strategies. Three outside directors (Chairman of the Board of Directors Izumi Kobayashi, Chairman of the Nominating Committee Tatsuo Kainaka, and Chairman of the Audit Committee Takashi Tsukioka) took the podium, providing an opportunity for direct dialogue between outside directors and investors and analysts.



### ■ Engagement on the IT system failures

In November 2021, we held a briefing on the series of IT system failures, and in April 2022 we held a briefing on the status of progress concerning our business improvement plan. The Group Chief Information Officer explained these initiatives directly to institutional investors.

### ■ IR Select

As this was the first event after he was appointed as the new Group CEO, President & Group CEO Masahiro Kihara gave the opening remarks. At the IR Select event held in February 2022, there was an explanation on the sustainable business initiatives from each in-house company.

### ■ Other initiatives



- Meetings and IR events were carried out through online channels in consideration of the COVID-19 pandemic
- Online conferences were held for institutional investors every quarter following the publication of our financial results
- Online tools, which are free from constraints such as time and region, were used when holding meetings with investors outside Japan