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Introduction

We are currently living through a time of significant change. The globalization and financial capitalism that led the post-Cold War growth cycle are in the midst of a qualitative transformation. The way the world has functioned to date is displaying contradictions and limitations in the form of issues such as climate change and various socio-economic disparities. The rapid development of technology is giving us greater possibilities for the future and, at the same time, confronting us with difficult questions. Further, people's experiences during the COVID-19 pandemic are bringing changes in both individual and societal values and behavior.

Japan has endured so-called "lost decades" of long-term economic stagnation and continues to steadily draw down its presence in the world. Replacement of social infrastructure and economic renewal have not kept pace with changing demographics, and it seems this has caused both individuals and society to lose confidence and pride.

On the other hand, drastic changes in the social and business environment are an opportunity for Japan and the rest of the world to revitalize. This is the first time in history that individuals and society have faced such numerous challenges and opportunities at once. We are very much responsible for the next generation. As one of the first countries

Proactively innovate together with our clients for a prosperous and sustainable future.

to experience these challenges, Japan has an even greater responsibility than other nations.

What role should Mizuho take in this changing world? What can we do to resolve challenges and develop opportunities for our clients and society? What is our mission? What are we here to do? Asking these questions, we sought to re-discover our roots and DNA.

Among Mizuho's founders were two capitalists and entrepreneurs of early modern Japan: Eiichi Shibusawa and Zenjiro Yasuda. Both of them were instrumental figures in the modernization of Japan after the Meiji Restoration of 1868. They were open-minded, connecting various capitalists and other professionals, and had foresight in taking on new risks and challenges. In particular, Eiichi Shibusawa advocated for pursuing profit based on morality and for putting the public interest above self-interest. This is our DNA: pursuing prosperity for our clients, the economy, and society.

With this in mind, we decided to revise our Corporate Identity and also announce our new medium-term business plan.

The Corporate Identity is important in motivating and uniting our people toward a shared goal. From such a perspective, we aimed to come up with a Corporate Identity that would be simple to remember and easily adopted throughout our organization. We not only discussed the theme with our directors and executive officers, but also engaged in multiple dialogues with our employees through employee-led working groups, questionnaires, and other channels.

Revision of the Corporate Identity

— Purpose: Proactively innovate together with our clients for a prosperous and sustainable future.

Our Purpose expresses our *raison d'être* in light of the positive change we wish to deliver to society through our corporate activities. As such, I was very keen to include a clear concept of "innovation". Many younger colleagues also strongly pushed for "innovation" as an essential element—a way to be more self-driven, invigorate our organization, and regain our pride.

We need to take on the responsibilities and opportunities unique to the financial industry; elevate our empathy and support our clients in facing challenges; and connect the



innovations of our clients to build a platform for solving the difficult issues our society is facing. In doing so, we also need to undertake our own innovations to become an indispensable partner for our clients. With this conviction, we chose the words “innovate together” and set our new Purpose as “Proactively innovate together with our clients for a prosperous and sustainable future”.

— **Values: Be a catalyst for change.**

The Values guide our everyday actions and behavior to achieve the Purpose. Preparing to take the initiative in a time of immense changes and challenges, we have decided on “Be a catalyst for change” as our core value. In order

to achieve our core value, we have established five Action Principles: Integrity, Passion, Agility, Creativity, and Empathy.

We will practice empathy in identifying our clients and society’s needs and pain points and act with integrity, passion, agility, and creativity in seeking solutions to them. We will prioritize long lasting prosperity for our clients. We will remain open to a variety of views, collaborate with a range of stakeholders, and co-create value for the future. All the members of our organization will uphold these guiding principles and join with you in pursuing prosperity.

— **The achievements and challenges of the preceding 5-Year Business Plan**

Four years ago, we put forth our 5-Year Business Plan. The cornerstone of the plan was fundamental reforms to our business structure, finance structure, and corporate foundations. We have achieved significant progress in this regard. For example, we have enhanced our Corporate & Investment Banking model both domestically and internationally. In particular, our revenue from our US operations has risen twofold. From a financial perspective, our Consolidated Net Business Profits are set to meet our target for the final fiscal year of the plan and our Common Equity Tier 1 (CET1) capital ratio has already met our target, ahead of schedule.

That said, there are areas where we need to improve, such as digital, wealth management, and commercial banking. Also, the social environment surrounding us has dramatically changed. The challenges and needs of our clients and society are becoming more

A medium-term business plan for the coming future

complex, and we need to transform ourselves. In light of this, we decided to dissolve our previous 5-Year Business Plan and establish a new three-year medium-term business plan.

— Deliberating by back-casting from our desired future

In the new medium-term business plan, we have identified five initiatives we will focus on, which I will explain in the next section. Taking into account the revised Corporate Identity, we identified these initiatives by back-casting from the future we want to see. Our long-term goal for the future is to realize personal well-being and a sustainable society and economy. Towards this goal, we have established four themes that underpin our vision for the world in the coming 10 years.

The first is developing a more inclusive society where people with a variety of viewpoints and from a variety of backgrounds can demonstrate their abilities and ambition, participate actively in their workplaces and communities, and lead fulfilling lives. The second is extending the benefits of the evolution of technology to all corners of society, allowing people to enjoy more convenience and a higher quality of life. The third is ensuring Japan overcomes its many challenges and setbacks, reverses its long decline, and recovers its competitiveness. The fourth is supporting the implementation process of various technologies that will contribute to the realization of a globally sustainable society.

Achieving these aims for the world in 10 years will require a range of endeavors across a number of locations and situations. We will align ourselves closely with the efforts of our clients and society and connect these efforts with one another. As part of this, we will discard the common “wisdom” we have held thus far and take on new challenges. Based on this perspective, our new medium-term business plan encapsulates five specific initiatives we will focus on in the next three years, following our Purpose of “Proactively innovate together with our clients for a prosperous and sustainable future”.

— For an inclusive society and best-in-class customer experience

The first initiative relates to Japanese household financial assets. We are looking to drive a dramatic shift from savings to investment. The rising uncertainty in society calls for alleviating individual customers’ economic concerns about the future. As such, the Kishida administration has announced an ambitious plan to double household investment income. Also, Japanese society as a whole needs to better utilize the current accumulated household financial assets, which are part of our national wealth, in order to promote a self-reinforcing positive growth cycle. Doing so would boost society’s overall competitiveness. To that end, those of us at Mizuho will enhance our professional expertise and become partners helping our individual customers preserve and grow their valuable assets.

The five specific initiatives

The second initiative is improving customer experience. We will proactively apply cutting-edge technology to consistently provide services that are easy-to-use and stress-free, not only for the younger generations but also for the older generations. For our corporate clients, we will aggressively seek opportunities to assist them in rationalizing and transforming their operational processes. We will also look for opportunities to create new financial services leveraging technology. On the other hand, customers will choose customized in-person service in some cases. Keeping this in mind, we will continue to optimize our customer touchpoints with consideration to the changing needs of our customers and strive to improve our customers' experience in every channel we provide.

— For Japan's competitiveness and our commitment to global growth

The third initiative is enhancing the competitiveness of Japanese companies. We think Japan's prolonged economic stagnation is to some extent attributable to the financial industry. Meanwhile, Japanese companies' technology and experience still have incredible potential. In our regular conversations with our clients, we hear from many medium-sized companies struggling to improve their corporate value and find success with the technology that they have accumulated to date.

Conversely, we know that a number of large corporations, both in Japan and around the world, are searching for cutting-edge technology as they try to create new business fields and capture growth opportunities. We will support medium-sized companies in rediscovering their competitive technologies and services and expanding their global footprint. We see this as the fundamental role of financial institutions and, to that end, are continuing to strengthen our relevant capabilities.

The fourth initiative is the global Corporate & Investment Banking (CIB) business model. There are multiple reasons why we continue expanding globally. We can support multinational companies with their global growth. We can be a bridge between the rest of the world and Japan for the latest technology and needs in sustainability and decarbonization. And we can be a leader in dynamically facilitating risk-hedging opportunities and capital flow across borders. Looking to the world of global finance, we will strive to provide more integrated, sophisticated financial services and solutions.

— For a sustainable society and economy

The final initiative is sustainability and innovation. This theme runs through all of the aforementioned initiatives. Striking a balance between growth and environmental measures is essential to achieving a sustainable society. By providing sound risk capital and connecting people and technology, we will uncover the growth companies of tomorrow and develop with them. To that end, we will accelerate cross-sectional initiatives inside the Mizuho group, while outside the Mizuho group we will build out an open network with multiple partners, including those in other industries.

— Enhancement of our corporate foundations and financial targets

We will enhance our corporate foundations, which are essential for our growth. Two crucial aspects of this are transforming our corporate culture and reinforcing our human capital. In laying the groundwork for all of our employees to boldly and enthusiastically take on new challenges, we will endeavor to improve productivity through IT reforms and digital transformation. This will enable everyone in our organization to focus on rigorous activities for value creation. Given the role we play in societal infrastructure, we will also diligently maintain our stable business operations.

In terms of our financial targets for fiscal 2023, we will maintain the targets we have established in the preceding 5-Year Business Plan, which include Consolidated Net Business Profits of ¥900 billion. In our new three-year business plan, we will aim for Consolidated Net Business Profits in the range of ¥1 trillion to ¥1.1 trillion and Consolidated ROE of over 8% for fiscal 2025 by transforming our operational processes and allocating our resources to focus areas. We also acknowledge the importance of improving our price-to-book ratio. For our capital management policy, while remaining attentive to rising uncertainty and downside risk, we will pursue an optimal balance between investment for growth and shareholder returns.

One of my biggest commitments for fiscal 2023 is to reinforce our dialogue with our stakeholders. In particular, I look forward to having constructive discussions with our shareholders about improving our operation. I am steadily sensing signs of change and have high expectations for our organization going forward. At the same time, our initiatives have only just begun. The coming year is a critical one for paving the way towards the future, and we will spare no effort in doing so.

In conclusion

July 2023



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