

# **Summary of Financial Results for the First Half of Fiscal 2017 <Under Japanese GAAP>**

November 13, 2017

**One MIZUHO**  
Building the future with you

**Mizuho Financial Group**

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## Definitions

FG: Mizuho Financial Group, Inc. BK: Mizuho Bank, Ltd.  
TB: Mizuho Trust & Banking Co., Ltd. SC: Mizuho Securities Co., Ltd.

**2 Banks:** Aggregate figures for BK and TB on a non-consolidated basis  
**Group aggregate:** Aggregate figures for BK, TB, SC and other major subsidiaries on a non-consolidated basis

# Overview of Income Statement

## Summary of Financial Results

Reference: <Exchange rate (TTM)> Sep-17: USD 1 = JPY 112.74 (Sep-16: USD 1 = JPY 101.12)

- Net Income Attributable to FG<sup>1</sup> for 1H FY2017 was JPY 316.6bn, 57% progress against the earnings plan of JPY 550.0bn for FY2017
- Consolidated Net Business Profits decreased YoY, mainly due to the decrease in Gross Profits in Customer Groups and Trading
- Reversal in Credit-related Costs and, Net Gains related to Stocks contributed to Net Income Attributable to FG
- Secured 9.56% Common Equity Tier 1 Capital Ratio<sup>3</sup>

<Consolidated> (JPY bn)

	1H FY2017 (Apr-Sep)	Changes from 1H FY2016
Consolidated Gross Profits	959.8	-129.8
<b>Consolidated Net Business Profits<sup>2</sup></b>	<b>241.6</b>	<b>-161.5</b>
Credit-related Costs	128.0	114.5
Net Gains (Losses) related to Stocks	107.9	47.0
Ordinary Profits	431.3	10.3
<b>Net Income Attributable to FG<sup>1</sup></b>	<b>316.6</b>	<b>-41.5</b>
<b>Common Equity Tier1 Capital Ratio<sup>3</sup></b>	<b>9.56%</b>	+0.29% (vs. Mar-17)

<2 Banks>

(JPY bn)

	1H FY2017 (Apr- Sep)	Changes from 1H FY2016
Gross Profits	660.1	-107.9
Customer Groups	528.8	-50.0 <sup>4</sup>
Trading & Others	131.3	-57.8 <sup>4</sup>
G&A Expenses (excluding Non-Recurring Losses)	-479.4	-15.1
<b>Net Business Profits</b>	<b>180.7</b>	<b>-123.0</b>
Credit-related Costs	123.5	114.0
Net Gains (Losses) related to Stocks <sup>5</sup>	110.1	44.7
Ordinary Profits	358.0	46.0
<b>Net Income</b>	<b>278.3</b>	<b>43.0</b>

<SC><sup>6</sup>

Net Operating Revenues	149.7	-54.0
SG&A Expenses	-128.0	26.6
Ordinary Income	22.1 <sup>7</sup>	-27.0
<b>Net Income Attributable to SC<sup>1</sup></b>	<b>17.1</b>	<b>-114.1</b>

<Difference in Net Income b/w Consolidated and 2 Banks+SC>

Asset Management One	7.9	-
Major Overseas Subsidiaries (BK)	26.6 <sup>8</sup>	8.5
Mizuho Credit Guarantee	8.3	-7.3
Other Subsidiaries & Consolidation Adj.	-21.6	28.4

1. Profit Attributable to Owners of Parent 2. Consolidated Gross Profits - G&A Expenses (excluding Non- Recurring Losses) + Equity in Income from Investments in Affiliates and certain other consolidation adjustments  
 3. Basel III fully-effective basis, excl. Net Unrealized Gains on Other Securities 4. New management accounting rules were applied at the beginning of FY17. Figures for 1H FY16 are recalculated based on the new rules  
 5. Including Net Gains related to ETF of JPY 13.9bn (+JPY 12.2bn YoY) 6. Mizuho Securities USA and Shinko Asset Management became unconsolidated from SC Consolidated since 2Q FY16 and 3Q FY16, respectively.  
 7. Simple aggregate of Ordinary Profits of SC Consolidated (1H FY17) and Mizuho Securities USA (1H FY17) was JPY 30.9bn  
 <Reference> Simple aggregate of Ordinary Income of SC consolidated (1H FY16) - Shinko Asset Management (1H FY16) + Mizuho Securities USA (2Q FY16) was JPY 52.4bn  
 8. Including Net Income of Mizuho Securities USA of JPY 5.3bn (1H)

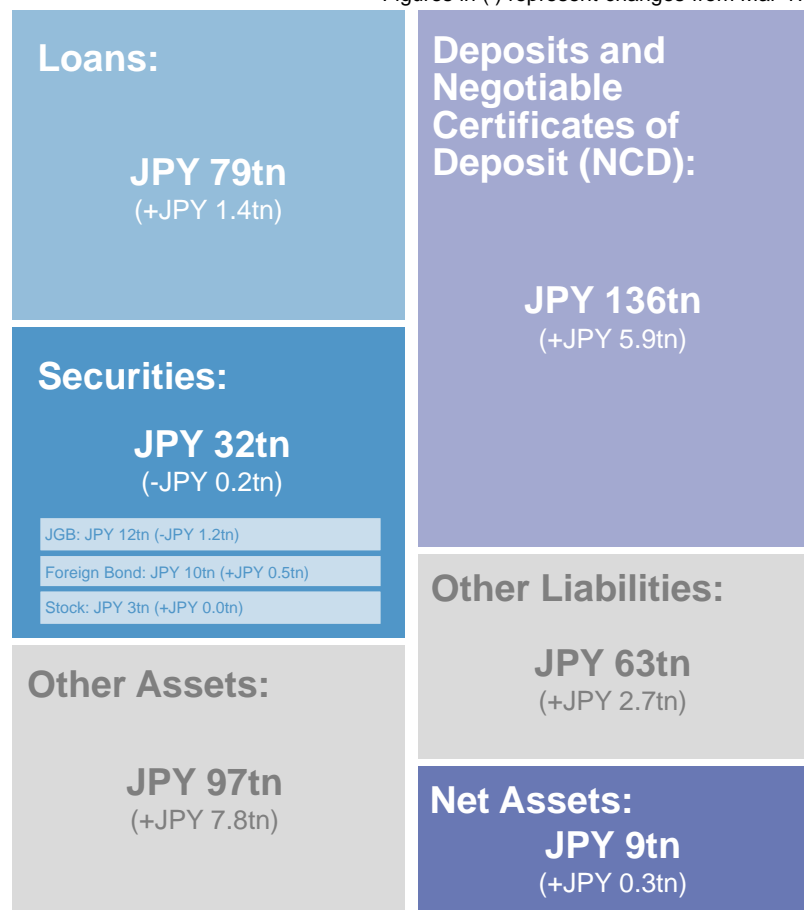
# Overview of Balance Sheet

## Balance Sheet (as of Sep-17)

Consolidated

Total Assets: JPY 209tn (+JPY 9.0tn)

Figures in ( ) represent changes from Mar-17

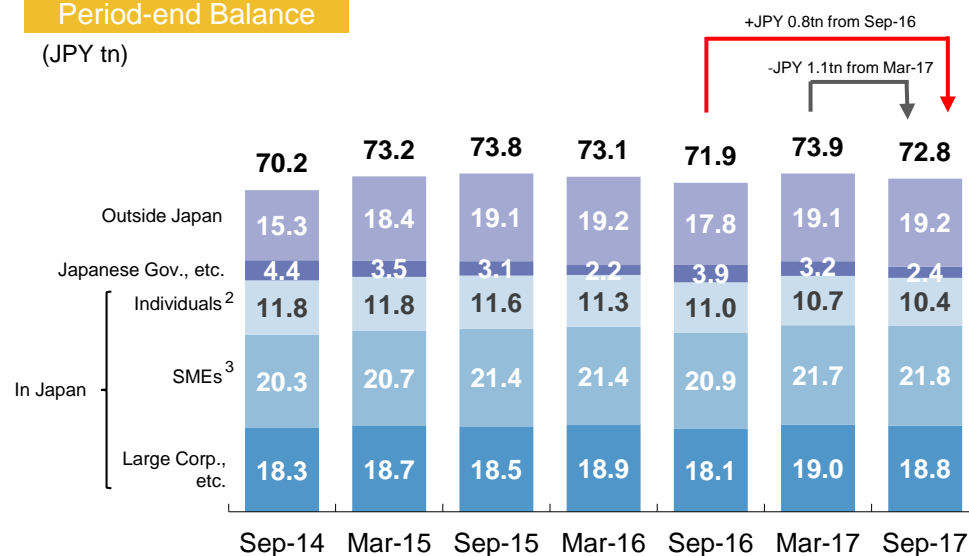


## Loan Balance <sup>1</sup>

2 Banks

### Period-end Balance

(JPY tn)

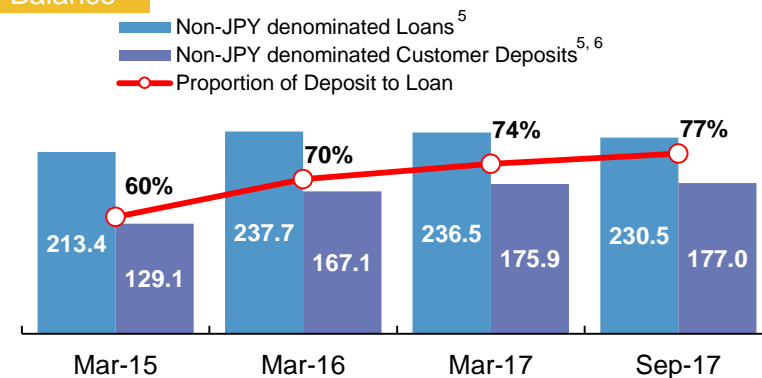


### Reference: Non-JPY denominated Loans and Deposit structure <sup>4</sup>

#### Period-end Balance

(USD bn)

BK, management account



1. Excluding loans to FG. Banking account

2. Housing and Consumer Loans

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

4. BK (including the subsidiaries in China, the US, the Netherlands, Indonesia, etc.)

5. Including Non-JPY loans and deposits in Japan

6. Changed in management account rules in 1Q FY17. Original figures before the recalculation were Mar-16: USD168.5bn and Mar-17: USD 179.8bn

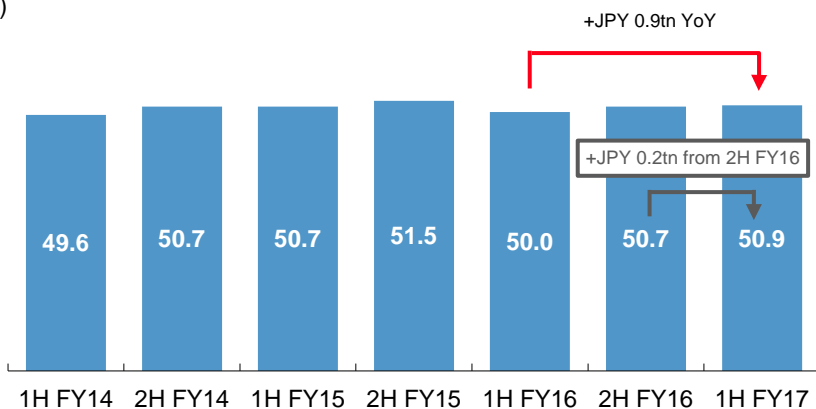
# Overview of Loans

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

2 Banks

### Average Balance

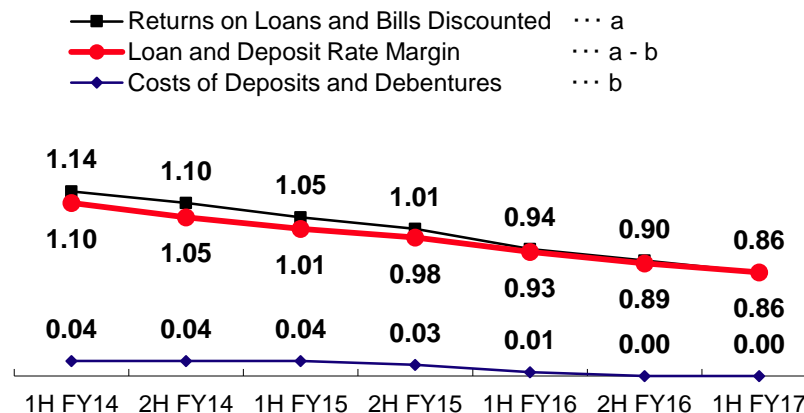
(JPY tn)



## Loan and Deposit Rate Margin in Japan<sup>2</sup>

2 Banks

(%)



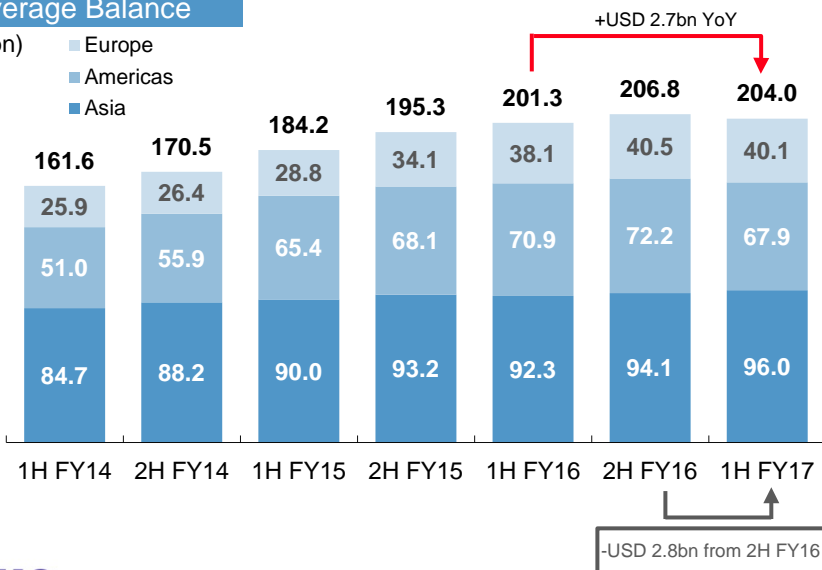
## Loan Balance outside Japan<sup>3, 4</sup>

BK, management account

### Average Balance

(USD bn)

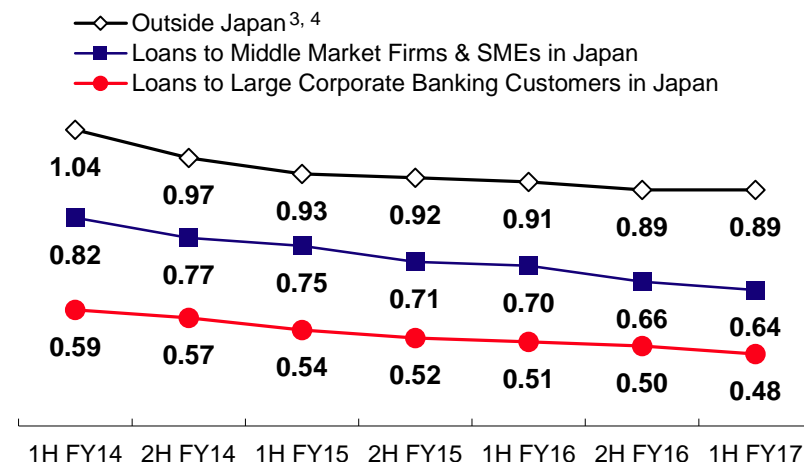
Europe  
Americas  
Asia



## Loan Spread

BK, management account

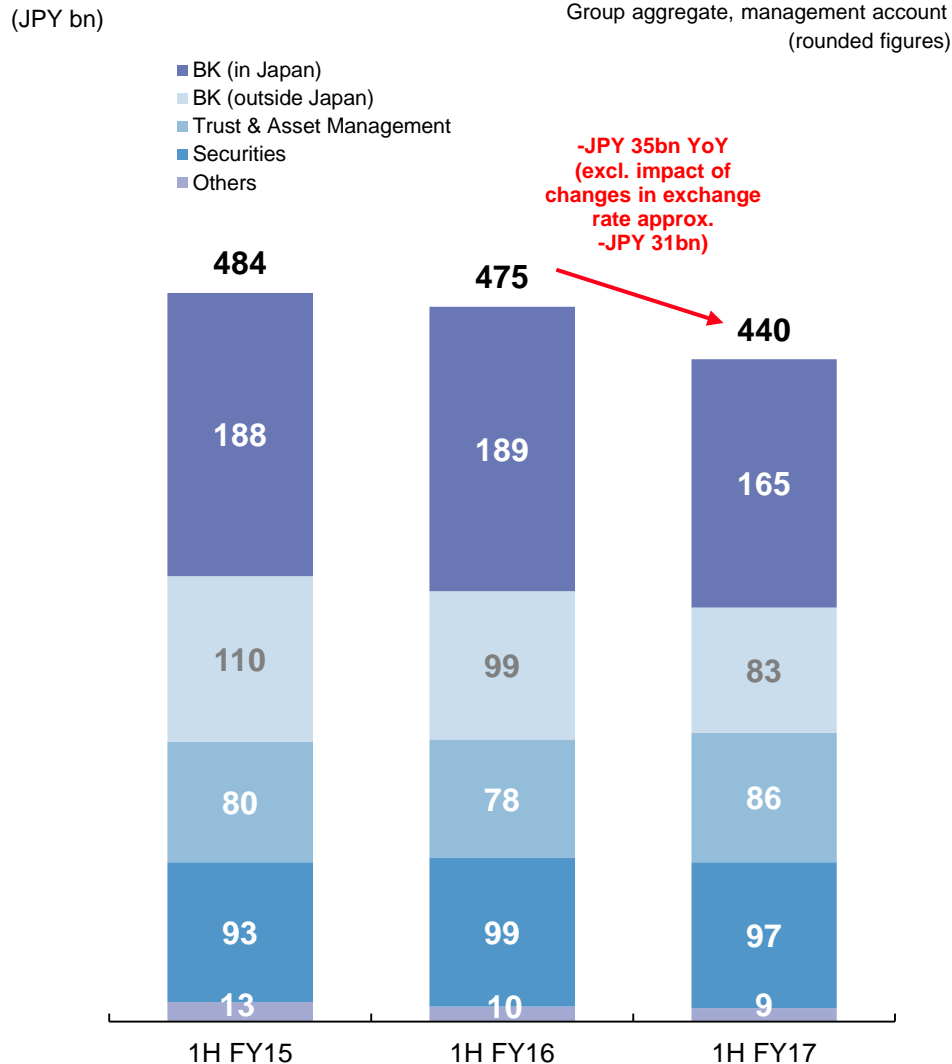
(%)



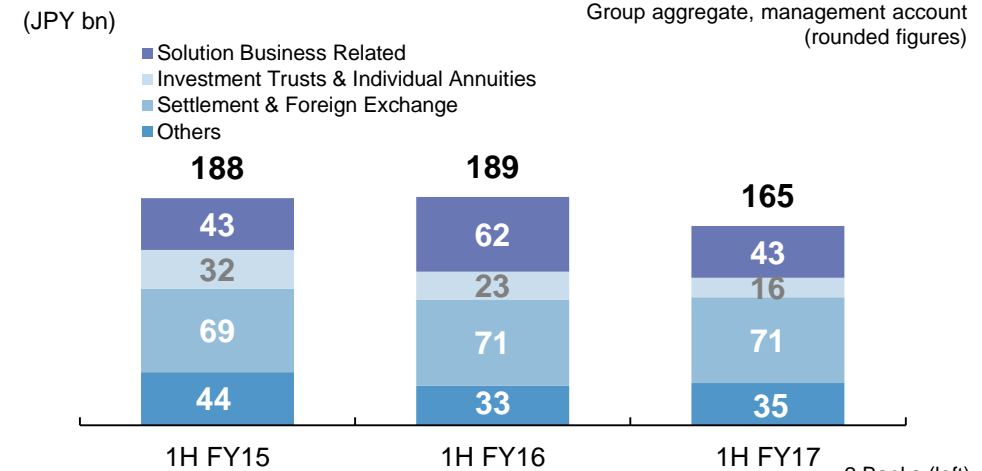
1. Excluding loans to FG and the Japanese Government, etc. Banking account
2. Domestic operations, excluding loans to financial institutions (including FG) and the Japanese Government, etc.
3. BK (including the subsidiaries in China, the US, the Netherlands, Indonesia, Malaysia, Russia, Brazil and Mexico)
4. Changes in management account rules in 1Q FY17. Figures from 1H FY14 to 2H FY16 are recalculated based on the new rules

# Non-interest Income

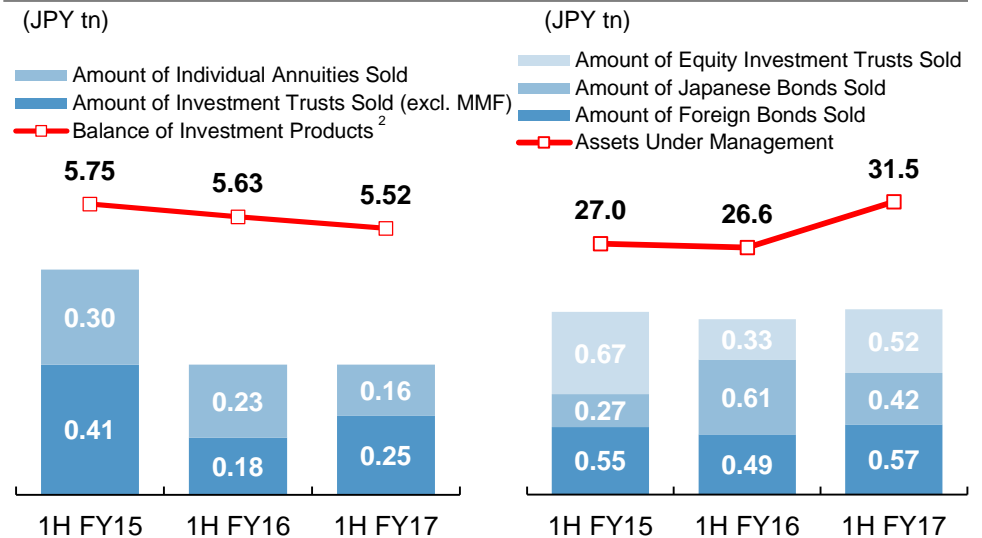
## Non-interest Income from Customer Groups <sup>1</sup>



## Reference: BK (in Japan) Non-interest Income breakdown



## Reference: Investment Products



1. Changes in management account rules in 1Q FY2017. The original figures before the recalculation were 1H FY15: JPY 428bn and 1H FY16: JPY 421bn

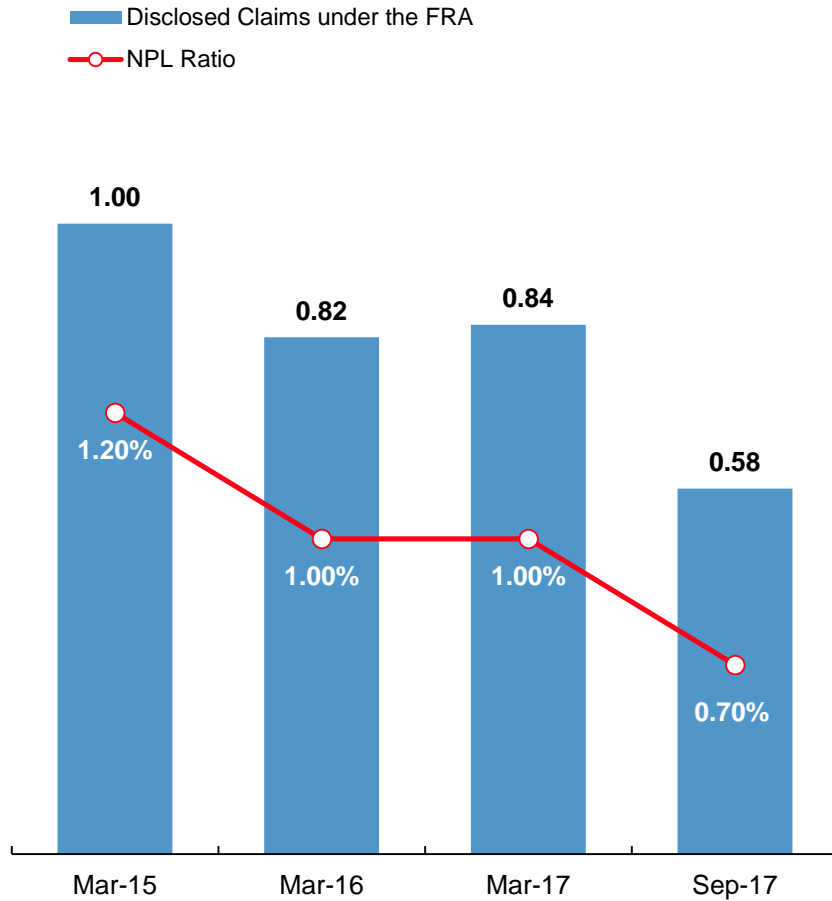
2. Total of Individual Annuities, Investment Trusts (excl. MMF) and non-JPY deposits

# Financial Soundness (1)

## Disclosed Claims under the FRA <sup>1, 2</sup>

2 Banks

(JPY tn)

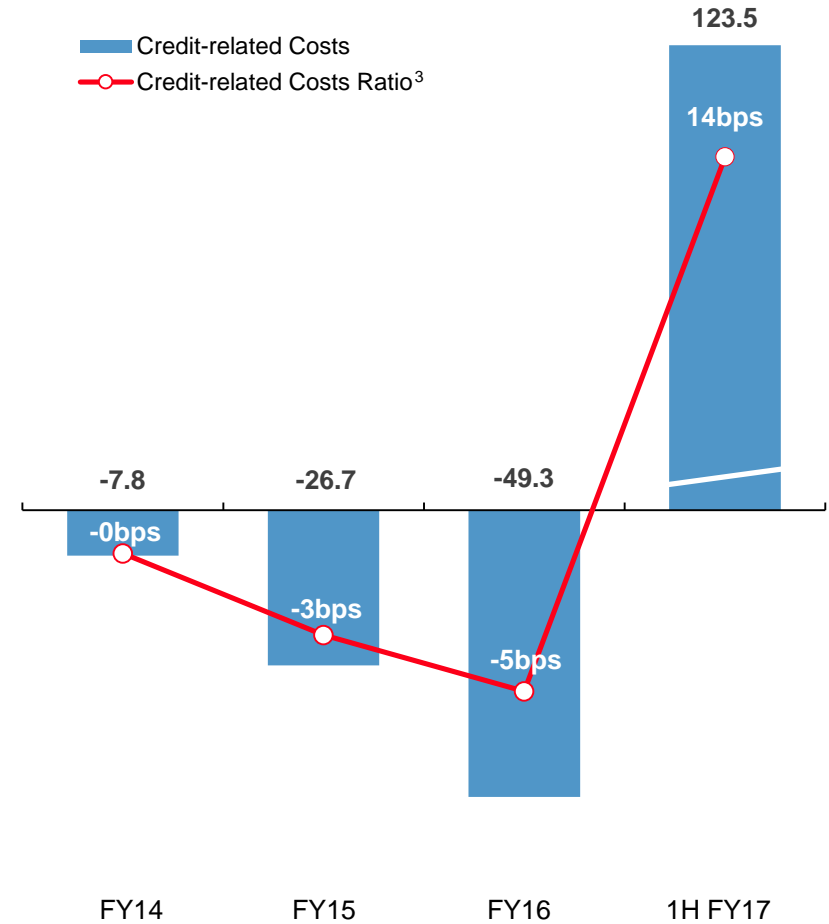


1. Financial Reconstruction Act  
2. Banking account + trust account

## Credit-related Costs <sup>2</sup>

2 Banks

(JPY bn)



3. Ratio of Credit-related Costs (annualized) against total claims

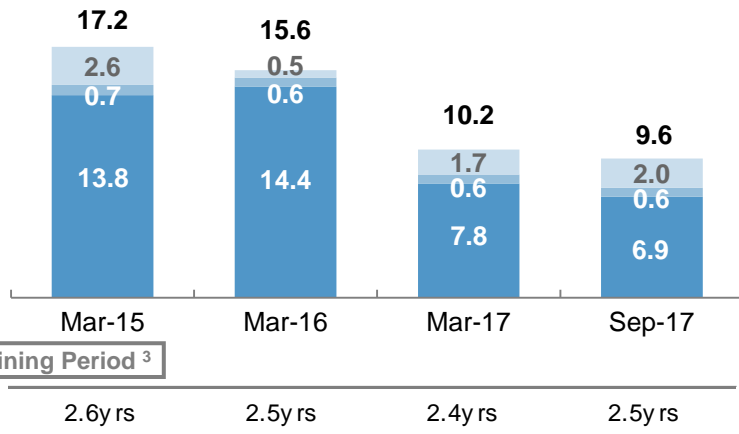
# Financial Soundness (2)

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

2 Banks, acquisition cost basis

(JPY tn)

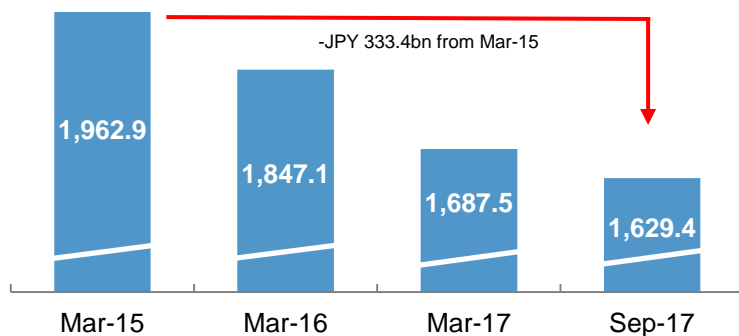
- Treasury Discount Bills
- Floating-rate Notes
- Medium & Long-term Bonds <sup>2</sup>



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

Consolidated, acquisition cost basis

(JPY bn)

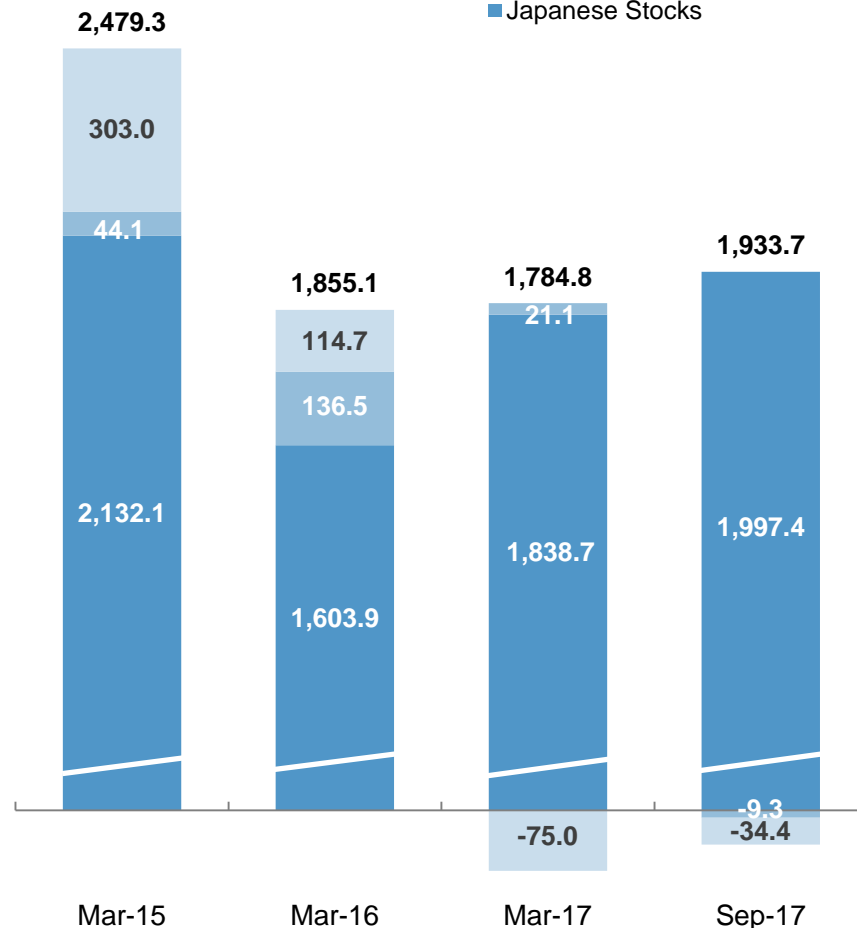


## Unrealized Gains/Losses on Other Securities <sup>1, 4</sup>

(JPY bn)

Consolidated

- Others
- Japanese Bonds
- Japanese Stocks



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



# BIS Capital Ratio

## Overview of BIS Capital Ratio

Consolidated

(JPY bn)

	Mar-17	Sep-17
<b>(1) Common Equity Tier 1 (CET1) Capital</b>	<b>7,001.6</b>	<b>7,280.5</b>
Capital, Stock Surplus and Retained Earnings	7,000.6	7,221.9
<b>(2) Additional Tier 1 Capital</b>	<b>1,209.8</b>	<b>1,724.2</b>
Additional Tier 1 capital instruments	760.0	1,220.0
Eligible Tier 1 capital instruments subject to phase-out arrangements	577.5	577.5
<b>(3) Tier 2 Capital</b>	<b>1,839.4</b>	<b>1,941.8</b>
Tier 2 capital instruments	852.4	997.6
Eligible Tier 2 capital instruments subject to phase-out arrangements	842.1	768.7
<b>(4) Total Capital (1)+(2)+(3)</b>	<b>10,050.9</b>	<b>10,946.6</b>
<b>(5) Risk weighted Assets</b>	<b>61,717.1</b>	<b>61,695.5</b>
Credit Risk Assets	56,060.0	56,082.3
Market Risk Equivalent Assets	2,282.8	2,239.7
Operational Risk Equivalent Assets	3,374.2	3,373.3
<b>(6) Total Capital Ratio</b>	<b>16.28%</b>	<b>17.74%</b>
<b>Tier 1 Capital Ratio</b>	<b>13.30%</b>	<b>14.59%</b>
<b>CET1 Capital Ratio</b>	<b>11.34%</b>	<b>11.80%</b>
<b>CET1 Capital Ratio (fully-effective basis)<sup>1</sup></b>	<b>11.37%</b>	<b>11.85%</b>
<b>CET1 Capital Ratio</b> (fully-effective basis, excl. Net Unrealized Gains on Other Securities) <sup>1</sup>	<b>9.27%</b>	<b>9.56%</b>
<b>(7) Leverage Ratio</b>	<b>3.95%</b>	<b>4.14%</b>

## CET1 Capital Ratio

- Steadily strengthened the CET1 Capital
  - CET1 Capital Ratio as of Sep-17: 11.80%
  - CET1 Capital Ratio on a fully-effective basis<sup>1</sup>: 11.85%
  - CET1 Capital Ratio on a fully-effective basis<sup>1</sup> (excluding Net Unrealized Gains on Other Securities) : 9.56%

## Leverage Ratio

- Leverage Ratio as of Sep-17 : 4.14%

1. Calculated by Mizuho based on fully-effective Basel III Rule as of March 2019, deducting total amount of regulatory adjustments

# Earnings Plan for FY2017

## Earnings Plan for FY2017 and Cash Dividends

<Consolidated>

(JPY bn)

	FY2017 Plan	vs. Original	
		Plan for FY2017	Changes from FY2016
Consolidated Net Business Profits <sup>1</sup>	640.0	-	-23.4
Credit-related Costs	60.0	100.0	107.5
Net Gains (Losses) related to Stocks	215.0	-	-27.1
Ordinary Profits	790.0	-	52.4
<b>Net Income Attributable to FG<sup>2</sup></b>	<b>550.0</b>	<b>-</b>	<b>-53.5</b>

1. Consolidated Gross Profits - G&A Expenses (excluding Non-Recurring Losses) + Equity in Income from Investments in Affiliates and certain other consolidation adjustments

2. Profit Attributable to Owners of Parent

<2 Banks>

(JPY bn)

	FY2017 Plan	vs. Original	
		Plan for FY2017	Changes from FY2016
Net Business Profits	460.0	-	-34.3
Credit-related Costs	60.0	100.0	109.3
Net Gains (Losses) related to Stocks	165.0	-	-45.5
Ordinary Profits	545.0	-	22.1
Net Income	385.0	-	-3.0

■ Net Income Attributable to FG<sup>2</sup> is estimated to be JPY 550.0bn (same as the original plan)

- Interim cash dividend payment is to be made as planned
- Estimated annual cash dividend payments remain unchanged

### Cash Dividend per Share of Common Stock

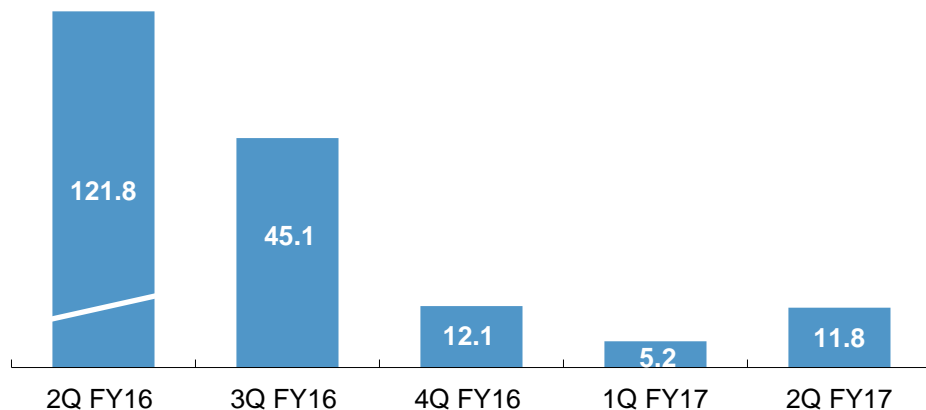
	FY2017 estimate	Change from FY2016
	Interim Cash Dividend Payment	JPY 3.75
Fiscal Year-end Cash Dividend Payment (estimate)	JPY 3.75	<i>unchanged</i>
<b>Annual Cash Dividends (estimate)</b>	<b>JPY 7.50</b>	<b><i>unchanged</i></b>

# Reference: Mizuho Securities

## Net Income Attributable to SC <sup>1</sup>

SC Consolidated

(JPY bn)



1. Quarterly Profit Attributable to Owners of Parent

## Overview of Net Operating Revenues

SC Consolidated

(JPY bn)

(Reference)

(Reference)

	1H FY16	1H FY16 <sup>3</sup> (Incl. MSUSA excl. Shinko)	1H FY17	Changes from 1H FY16	1H FY17 <sup>4</sup> (Incl. MSUSA excl. Shinko)
Commissions	110.7	105.0	79.7	-31.0	111.0
Net gain on trading	88.6	89.6	57.0	-31.6	55.9
Net gain (loss) on operating investment securities	-3.1	-3.1	7.3	10.5	7.3
Net financial income	7.5	13.6	5.5	-1.9	19.8
<b>Net Operating Revenues</b>	<b>203.8</b>	<b>205.1</b>	<b>149.7</b>	<b>-54.0</b>	<b>194.2</b>

3. Calculated by a simple deduction of Shinko Asset Management (Shinko) (1H FY16) from SC Consolidated (1H FY16) and a simple aggregate of Mizuho SC USA (MSUSA) (2Q FY16)

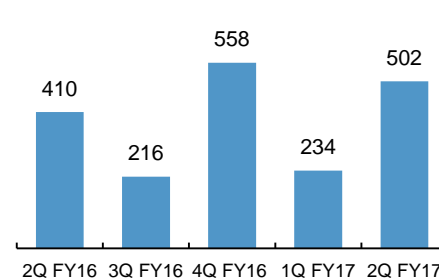
4. Calculated by a simple aggregate of SC Consolidated (1H FY17) and Mizuho SC USA (MSUSA) (1H FY17)

## Retail Related Results

### Net Inflow of Client Assets

(JPY bn)

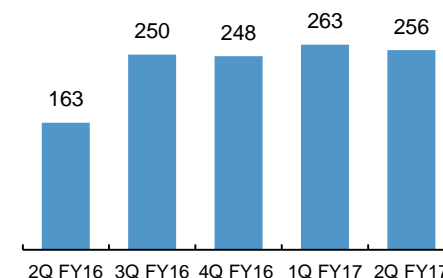
(rounded figures)



### Sales of Equity Investment Trusts <sup>2</sup>

(JPY bn)

(rounded figures)



2. Domestic sales (including privately placed investment trusts, but excluding reinvested dividends)

## League Tables

Apr. 1, 2017–Sep. 30, 2017

M&A Advisory for Announced Deals <sup>5</sup>	2nd	82 Deals
Deals Total Equity Underwriting Worldwide <sup>6</sup>	5th	8.8% Market Share
Total Japan Publicly Offered Bonds <sup>7</sup>	3rd	18.9% Market Share
ABS Lead Manager <sup>8</sup>	1st	33.6% Market Share
Americas DCM <sup>9</sup>	11th	3.5% Market Share

5. Number of deals basis. Any Japanese involvement, excluding real estate deals.

Source: Based on data from Thomson Reuters

6. Underwriting amount basis, pricing date basis. Deals including initial public offering, public offering and convertible bonds, including REITs. Source: Based on data from Thomson Reuters

7. Underwriting amount basis, pricing date basis. Deals including straight bonds, investment corporation bonds, Zaito agency bonds, municipal bonds (lead manager method only), Samurai bonds and preferred securities, and excluding self-led bonds. Source: Based on data from I-N Information Systems

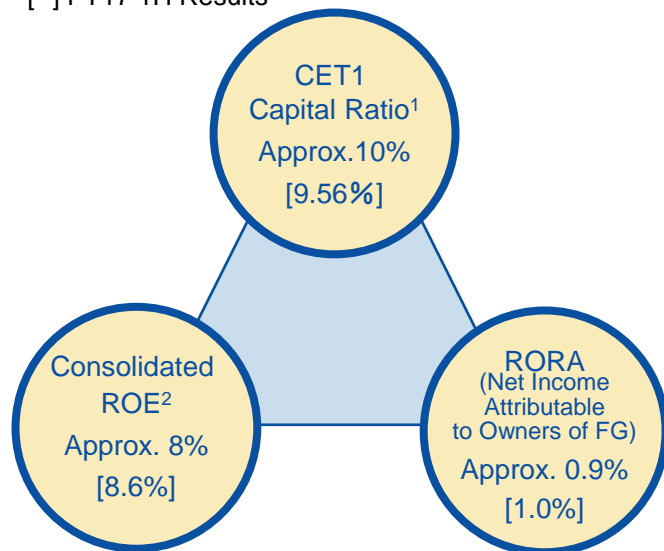
8. Transaction amount basis, settlement date basis. Source: Based on data from Thomson Reuters

9. Bonds with issuance amount of USD 250mm and above issued by investment grade Americas corporations. Source: Based on data from Dealogic

# Reference: Progress of the Medium-term Business Plan

## Financial Targets for FY2018

[ ] FY17 1H Results

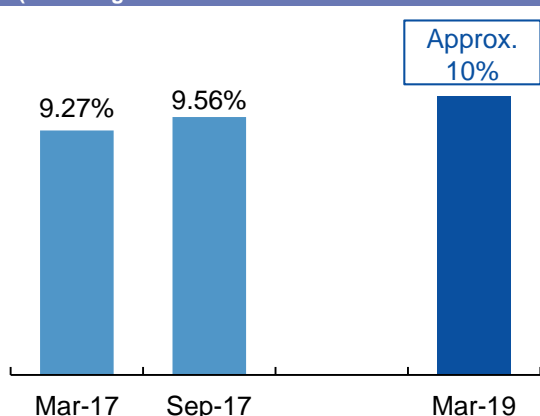


<b>Group Expense Ratio<sup>3</sup></b>	Approx. 60% Excluding expenses related to the next-generation IT Systems, etc.: high 50% level FY2020: aim for the mid 50% range
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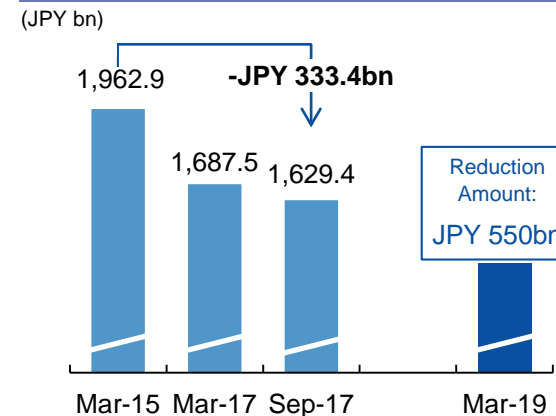
<b>Cross-shareholdings Disposal</b>	JPY 550bn <sup>4</sup>
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## Progress Against the Major Financial Targets

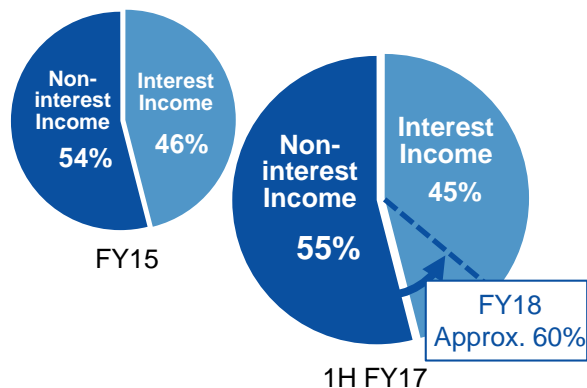
### CET1 Capital Ratio (excluding Net Unrealized Gains on Other Securities)



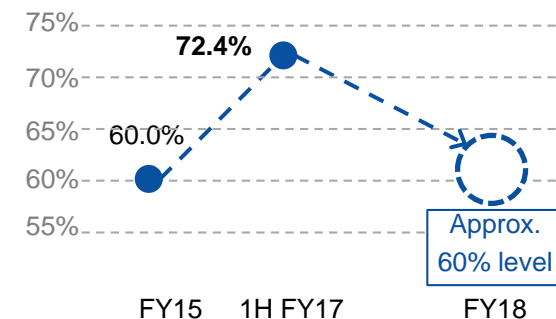
### Cross-shareholding Disposal



### Proportion of Non-interest Income<sup>5</sup>



### Expense Ratio<sup>5</sup>



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 Japanese stock market, acquisition cost basis, cumulative amount from FY15 to FY18  
5. The range of management account companies has been changed since 1Q FY17

# Reference: Fundamental Structural Reforms

Changes in business environment

Mizuho's current status

- Strengthening cost competitiveness has become an urgent requirement for financial institutions due to the increasingly difficult business environment
- Rapid and overwhelming technology development
- While the One Mizuho strategy focusing on meeting customer needs is performing well, Mizuho's earnings are experiencing a declining trend. Reinforcement of expense control and earning power are necessary

Commence continuous fundamental structural reforms in order to achieve sustainable growth and secure competitive advantage for the group as a whole in ten years' time

We recognize the necessity for structural reforms at an early stage given the changes in the business environment and Mizuho's current status. In April this year we formed a taskforce to discuss strategies (business, financial, HR) and management resources allocation, etc. from various angles; independent outside directors were fully involved in these discussions.

## Structural Reform

Apr.

Jul.

Jul.-Oct.

Nov.

Going forward

Board Meeting

Launch of taskforce

Draft presented by the taskforce

Discussion by topics

Basic Principal

Develop Concrete Plan

Involvement of In-house Companies and Units

Structural Reforms Taskforce

Group CEO

CSO

CFO

CHRO

Management resources allocation (Business, financial, and HR strategies)

In-house Companies, Units, and Groups

# Reference: Fundamental Structural Reforms

Direction

Technology Utilization

Open Innovation  
(such as alliances with other companies)

Global Perspective

## Optimize Organization & Staffing

- Streamline the number of personnel to align with the business strategy
- Increase the number of personnel at front offices
- Utilize technology to reduce and streamline working processes

By end of March 2027

**Decrease by approx. 19,000 people**

from approx. 79,000 employees  
(incl. temporary employees) as of March 2017

## Restructure Branch Strategies

- Close, merge, and co-join branches in Japan, following the hub-and-spoke model
- Create omni-channel network to match the next-generation finance industry model and increase customer convenience utilizing technology

By end of March 2025

**Decrease by approx. 100 locations**

from approx. 500 locations  
(approx. 800 branches and offices of BK, TB, and SC) as of March 2017

## Structurally Reform IT Systems

- Integrate various IT systems
- Implement the Next-generation IT System to strengthen Mizuho's IT platform

## Strengthen Earning Power

- Structurally reform gross profit
- Lower the burden at front offices and increase the number of people with sales and marketing skills

Detailed measures and numerical targets will be reflected in each medium-term business plan (MTBP)



This immediate release 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.

We may not be successful in implementing our business strategies, and management may fail to achieve its targets, for a wide range of possible reasons, including, without limitation: incurrence of significant credit-related costs; declines in the value of our securities portfolio; changes in interest rates; foreign currency fluctuations; decrease in the market liquidity of our assets; revised assumptions or other changes related to our pension plans; a decline in our deferred tax assets; the effect of financial transactions entered into for hedging and other similar purposes; failure to maintain required capital adequacy ratio levels; downgrades in our credit ratings; our ability to avoid reputational harm; our ability to implement our Medium-term Business Plan, realize the synergy effects of "One MIZUHO," and implement other strategic initiatives and measures effectively; the effectiveness of our operational, legal and other risk management policies; the effect of changes in general economic conditions in Japan and elsewhere; and changes to applicable laws and regulations.

Further information regarding factors that could affect our financial condition and results of operations is included in “Item 3.D. Key Information—Risk Factors” and “Item 5. Operating and Financial Review and Prospects” in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission (“SEC”), which is available in the Financial Information section of our web page at [www.mizuho-fg.com/index.html](http://www.mizuho-fg.com/index.html) and also at the SEC’s web site at [www.sec.gov](http://www.sec.gov).

We do not intend to update our forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by the rules of the Tokyo Stock Exchange.

MHFG is a specified business company under "Cabinet Office Ordinance on Disclosure of Corporate Information, etc." Article 17-15 clause 2 and prepares the interim consolidated financial statements in the second quarter.