

## **FY2015 Financial Results Presentation: Main Q&A**

**Q: Could you describe in detail about the implementation of the in-house companies system?**

A: For the first time for a Japanese financial institution, we have implemented an in-house companies system which is a management structure based on customer segments. This is in order to fully address our customers' needs as well as those issues unrecognized by our customers, by providing them with the best and optimal solutions.

Each in-house company will serve the customer of the respective entities within Mizuho Group, such as the bank, trust bank and securities companies, establishing optimal strategy according to each in-house company's respective attributes, taking responsibility to achieve their respective profit targets. On the other hand, the respective Mizuho Group entities will promote internal control and management, taking responsibility to execute the strategy formulated by the respective in-house company.

With respect to the negative aspect of the in-house companies system such as the silo effect, we researched both domestic and overseas companies that have already implemented the in-house companies system. By incorporating cooperation support to other in-house companies in the evaluation of the respective in-house company heads, we have already established a mechanism which promotes the business cooperation among the in-house companies.

**Q: How are you going to proceed with the implementation of operational excellence?**

A: In the new medium-term business plan, we have established two pillars, "customer first" and "operational excellence" in order to construct the new business model as a "Financial Services Consulting Group" by progressively developing the "One MIZUHO strategy" which we have been promoting since the previous medium-term business plan.

The objective of the "operational excellence" that Mizuho is pursuing is not only to aim to reduce costs, but also aim to enhance the operation which is needed to strategically improve the execution ability thereby establishing our sustainable competitive advantage and improving customer services. In that regard, we will not only thoroughly review the existing operation process, but will incorporate new technology and business models in order to promote the enhancement and efficiency of our operations. For example, regarding branch operation, we will not adhere to the existing operation but will promote a more efficient operation based on omni-channel services such as using the Internet.

As one of the most important items of the medium-term business plan, the Group-CEO will personally be responsible as the chairman of the Operational Excellence Promotion Committee.

**Q: How is the effect of the negative interest rate policy (NIRP) implemented by the Bank of Japan reflected in the earnings plan for fiscal 2016?**

A: For fiscal 2016, if the current NIRP of -10 bps is to continue, then we assume the impact to be approximately -JPY 40Bn.

In order to mitigate the NIRP impact such as a decrease in loan margins and derivatives

transactions, we will strengthen efforts to increase further non-interest income through initiatives such as the sale of investment products.

On the other hand, our risk appetite policy will remain unchanged, thus we do not have plans to significantly increase our holdings or to lengthen the average remaining period of JGBs nor to actively invest in higher risk assets such as foreign currency bonds.

EOM