

## **FY2016 Interim Results Presentation: Main Q&A**

Q: How much was the impact of the negative interest rate policy (NIRP) in 1H FY2016 and how were you able to offset the effect by taking some countermeasures?

A: The impact of the NIRP on our 1H results was less than 50% of the fiscal year estimate. On the other hand, it will likely take some more time for the impact of the NIRP to be realized. Thus we still expect the fiscal year impact to be JPY 40Bn.

As for the countermeasures, it is difficult to state to what extent the actions taken were effective, but we believe that we were able to offset a good majority of the NIRP impact such as by providing hybrid finance at the occasion of review of funding and M&A related services.

Q: Could you tell us about the current status for cross-shareholdings disposal?

A: We are proceeding with the discussions towards disposal based on assessment of the objective of holdings such as profitability. As a whole, there have been environmental changes such as the implementation of the Corporate Governance Code and NIRP and we consider that our customers have deepened their understanding.

The objective of the disposal is to reduce the risk of stock price fluctuation and impact on capital, and we are doing our utmost to take measures towards the promised disposal amount, without considering such factors as the ease of disposal and the depth of our relationship with customers.

Q: What are your initiatives to lower your expense ratio?

A: Expenses will increase, due to the development of the Next-Generation IT Systems. However, we believe that by executing each measure set forth in our pursuit of operational excellence as we have stated in our Medium-Term Business Plan, we believe that we will be able to make some improvements in expense ratio, even before the completion of the Systems.

Especially by promoting the use of technology such as FinTech, we believe we will be able to promote such usage to a large degree within the next 3 years. In order to make cost reduction impact more effective, we will continue to consider which fields to make use of the technology and utilize in the operations of Mizuho.

Q: What are the latest status of the Next-Generation IT Systems development?

A: As it is a very large scale development, multiple checks need to be conducted across various fields. Although some items may still be outstanding as of December 2016, full understanding of the current status is secured. The most crucial point is a safe and steady transition, thus the highest priority is placed on ensuring the quality.

With the extension of the development period by a few months, personnel costs such as those of system engineers are to increase; however, taking into consideration the amortization period, we understand that it will not have a large impact on our income on a yearly basis.