

Mizuho IR Select 2017

(1) 13:30 - 14:20

**Senior Managing Executive Officer, Head of the Americas:
Hiroshi Suehiro**

A) Presentation Summary

Gross profits from the Americas are growing steadily. Especially, the 1Q-3Q results of North American domestic corporate client business have already reached the same level as 1Q-4Q of the previous year's result for 1Q-4Q, a remarkable increase. In addition, the growth of non-interest income centering on securities related income (i.e. DCM, ECM) has been contributing to growth overall.

The loan balance increased significantly in FY2014, however this increase was mainly due to the acquisition of the loan portfolio from RBS. As the loan growth after this acquisition has been gradual, you can see that we are not relying on loan growth, but rather focusing on acquiring ancillary business.

There are 4 points that I would like to emphasize regarding the acquisition of the loan portfolio from RBS.

First, we were able to select the assets that matched with Mizuho's business strategy. Second, about 60 percent of the customer groups that we acquired were our existing clients, and therefore, we were able to significantly increase our exposure to those clients. This increase enabled us to drastically improve our relationship status with them. The number of Tier1 clients increased from 14 to 87.

Third is personnel. Just as in Japan, having a large exposure doesn't mean that we can become a client's Main Bank. The capability to execute high quality financial services and products is essential, and that is why we acquired approximately 130 personnel from RBS. Now we have the necessary people to expand our capital markets services.

Last is the innovation of corporate culture. In order to retain over 130 personnel, we needed to reconsider the way we process, the way we think, and our corporate structure itself. In six months after the acquisition, we extracted the agenda and decided the solutions for those.

The number of bookrunners transactions is building up steadily. We are not relying only on large-size transactions, but instead we are accumulating transactions by meeting our

clients' business needs one by one, by doing so, we are steadily increasing our capability in this field.

As shown in the league tables, we are increasing our presence in the market. This is the evidence that our strategy, utilizing loans to win DCM business, is working.

From the view point of unified operations in the Americas, first of all, we established a bank holding company (BHC) on July 2016. We assigned a business head to each line of business, and we integrated operations between banking, trust and securities functions. This model is similar to Mizuho Financial Group's In-house company system, however, we still need to make this a true "line of business" and that is our remaining issue.

Another is shared services, in which corporate functions will be integrated under the BHC. By doing this, we will be able to reduce redundant work, utilize human resources effectively, and integrate knowledge among entities. We have also started the integration of risk-management.

As our future focus areas, I would like to enhance equity and IB businesses. This is an extension of our sector-based approach, which we have been doing, and we are going to spread the knowledge and expertise to our equity and M&A businesses. ECM is our future agenda, we will selectively focus on fields such as TMT, energy, and healthcare.

As for global collaboration, we are now capable to compete with American and European banks within the U.S. Therefore, we are confident enough to approach our Global 300 clients outside America to support their bond issuances.

As for sales & trading, the volume is still smaller than that of American and European Banks. We will enhance this business going forward.

As for balance sheet control, there are assets both in Japanese and Non-Japanese businesses that are not profitable enough. We will replace such assets.

As for business with non-investment grade companies, we consider that having business with those BB rated companies is an extension of our current businesses. We will focus on the sectors which we are familiar with.

B) Q and A

Q1. Has the dollar funding issue passed the most critical stage, both in terms of volume and cost? What are the hurdles to increasing loan volume?

A1. As for dollar funding, almost 60 percent of our loans are covered by deposits and the remaining 40 percent are funded through the market including currency swaps. We will continue to acquire new deposits in order to absorb the increase in funding cost. We do not intend to increase our loan balance significantly. We will replace low-profitability assets to manage the size of our balance sheet so that it will not become too large.

Q2. As for balance sheet control, what kind of assets are you reducing? Are there numerical thresholds to judge the profitability etc.?

A2. As shown in P8, we reduced USD 4Bn assets. In general, we reduced those with low RORA, but we do not have a set guideline.

Q3. What are Mizuho's strengths and weaknesses in the U.S. businesses?

A3. Securities businesses and sector based approach with advisory function differentiates us from our peers. On the other hand, transaction banking is a field in which we need to improve.

(2) 14:20 - 15:00

**General Manager of Global Talent Planning and Management
Department: Shinya Uda**

A) Presentation Summary

First, what we want to emphasize is that we are not trying to practice a 'Reform of the System' but a 'Reform of Management'. To accomplish this, the key is to change the culture of our corporation. The aim of this large reform is to think once again about our outdated practices and unwritten rules which are deeply rooted in our HR management, and to recreate the model based on our new business model. We want to fully escape from the commercial bank type HR model and to create a positive one. A positive circle that enables each employee to grow as a person by adapting to the changes of the environment and leads to the company's sustainable growth.

On Page 12, we explain the aims of this 'Fundamental Reform of HR Management'.

Mizuho aims to support the growth of the company by enhancing 'Employee Engagement'. We have intensively discussed Mizuho's ideal form and the basic ideas with the management including the outside directors. We have summarized this in four points.

First is full participation by all employees. We provide opportunities for every employee and help them to fully participate based on their abilities.

Second is constant personnel growth. Third is for each and every employee to fully exercise their abilities. Fourth is long careers at Mizuho. The initiatives that are taken are 1) HR Management that Respects the Individual 2) Strategic Employee Rotations 3) Future Executive Leaders Development Program 4) Globalization of Mizuho's Talent and HR Management, and 5) Diversity and Inclusion.

On Page 13, we show the 1) HR Management that Respects the Individual. Development-Focused HR Management is one that focuses on each employee's particular qualities and develops their strengths. We will help each employee to think about their own career with their boss and HR Department. The other one is Multi-Track HR Management. This means that we will provide careers not only for the management-track employees, but also for non-management and high level specialist employees. We will create a system so that all 80,000 people in our group can enhance their abilities and fully participate, and hence supports Mizuho's sustainable growth.

Page 14 is about 'Strategic HR Rotation'. We will practice HR Rotations that identify qualities and enhance strengths, and then extract expertise from strengths. The most important resource for each company to realize its strategy is human resources and we will develop personnel that have expertise proactively. To prevent silos among matrix management such as Company and Entity, close communication between the Chief Officer of HR Group and those of Companies and Entities will be held.

Pages 15 and 16 are on 3) Future Executive Leaders Development Program. This is related to the succession of Group CEO and In-house Company Heads, but it will develop employees from around their 40s to the age before becoming management in approximately 10 years. The way of thinking and criteria for selection have been announced in and outside the company, and we will implement transparent and highly accountable management.

The Group CEO, Mr. Sato himself is leading this program, especially for the training program. This is a framework to develop strong leaders who will lead the future

<Mizuho> business strategy, not just the talented people who become managing leaders. We will change the selected members from time to time as we do not expect to roll out a red carpet for them and go along the elite path.

Page 17 is about 4) Globalization of Mizuho's Talent and HR Management. We have transformed the HR Management Framework with a view towards globalization last April. The Global Talent Planning and Management Department practice the HR Framework including the National Staff, and the Global Talent Acquisition and Development Department is in charge of recruitment, education and Diversity and Inclusion inside and outside of Japan. The General Manager of the Global Talent Department is an Australian woman.

Pages 18 to 20 show the initiatives on 5) Diversity and Inclusion.

B) Q and A

Q1. How far has the reform of Mizuho's corporate culture proceeded?

A1. One of the foundations to build up a corporate culture is Human Resources. It is important to change the mindset of each one of us to practice this. For example, according to the attitude survey conducted among the employees, the understanding of the Management Strategy such as the One Mizuho Strategy, Operational Excellence has expanded greatly but some yet say that 'It hasn't changed that much' for their own workplace. From the comments, it seemed that some think that someone else will do it for them and they are just waiting for it to happen. There were not many voices that want to try and challenge the ways things are. To change this culture, we need to establish a framework where an employee becomes more willing to jump into another's territory, move one step forward, challenge the ways things are and learn from our mistakes. We will praise these kinds of initiatives and enhancements of abilities made on the basis of courageous challenges.

Q2. People who entered the company during the Bubble Economy will retire or move to another company soon, but on the other hand, there is a lack of people in their late 30s. What are you aiming for in this kind of composition of the workforce?

A2. For the future composition of the workforce, we need to consider the potential changes in the environment, but as for the present 80,000 people, we think we have to decrease their numbers. However, we do not intend to cut the numbers of employees or to reduce recruitment, but address this issue by controlling the number

based on a mid-term point of view. The lack of people in their late 30s is a common issue among many companies. We have to solve this through orthodox methods: enhance each person's abilities, make use of the veterans and promote young people. We will overcome this deficiency by selecting people who have ability and the qualifications to make a challenge no matter what their age.

Q3. About the Reform of Working, how are you going to enhance productivity?

A3. We will enhance productivity through Diversity & Inclusion initiatives and Reform of working. People say that to decrease work hours means to work less, but we want to differentiate us from that. We will work for appropriate hours and we will make progress during that worktime. As Page 19 shows, we are expanding various ways of working, systems and frameworks, but this is not fully implemented yet. For example, for the people working from home, we make use of the iPad that we have distributed to most of our employees. The people who can use this system amounts to 30,000 people, but there are still only a few who are making the most of this system. On Page 20, it says that we aim for 100% of the eligible male employees to take childcare leave. Now the percentage has risen to 20% but at this time it was still 1.5%. The number is not the ultimate goal, but it is important to change our workstyle and increase productivity through the process of establishing goals. Each one of us has to change our mindset and actions, or else our corporation will not change. As the HR Team, we will not just construct the system, but pay attention to the attitudes of the employees and the ways the system is used.

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