

Chief Digital Innovation Officer: Daisuke Yamada

A) Presentation Summary

First, I would like to explain about Blue Lab Co. Ltd., which we established recently. Blue Lab aims to create new business models, which are not limited to finance. To accomplish this, we considered that it is better to administrate outside the bank rather than inside, that is why Mizuho holds only 14.9% of the capital, a level below that for the affiliated companies accounted for by the equity method.

Also, to create a new business model, we consider that professional IT knowledge is not always necessary. What is important is the way to incorporate technologies. For example, as for J.Score, it is a business model made by incorporating technologies such as big data, block chain and A.I. There are 20 pipelines at the moment, and we will introduce some of them today.

1. Block Chain: Trade Finance

Block chain may drastically change the existing business. One example is trade finance. Until now, whenever we had a trade transaction, we had to transmit documents such as L/C to all parties and check the details. Now, we have made a platform to reduce the transaction time by enabling everyone to check the papers online simultaneously. If we are able to develop this technology further, for example, it may be possible to make the manufacturing process of SUV more efficient through making use of block chain among the whole supply chain.

4. Algorithm trading

By making use of A.I. in trading such as domestic and foreign exchange, we are discussing if we can produce a better performance than a human being can provide. In order to do this, we are cooperating with Tokyo University and hiring people who have highly specialized professional skills.

11. Paperless system through electronic authentication and contract

We think we can reduce the number of offices and employees if we can electronically do authentication process between Mizuho and other companies. What is important is to make a universal system. We need to change our own procedure according to the system, not systemize our procedure. If we make a universal platform, we may be able

to expand this to other companies.

18. Minpaku Project

We are considering if we can offer assets that would support Airbnb's business by making use of our management resources and customer base. For example, we are thinking of cooperating with our customers by using unstaffed stations of railway companies, company houses of transportation companies, managing system of gas companies and networks of venture companies.

I have introduced several examples today, but only a month has passed since we established this company and more development will happen later on. We will immediately revise the businesses that we talked about today if things do not proceed well. It may be possible that the number of our pipelines will fall from 20 to 10 by next month. The most important thing is the scale merit. We will make a large framework and Mizuho will gain an advantage within it.

B) Q & A

Q. Will the initiatives of FinTech affect the system and will it have new investment burdens?

A. There are initiatives not related to the system, so we think it will not become a big burden as a whole.

Q. Are initiatives towards FinTech in foreign financial institutions helpful?

A. We understand that foreign financial institutions are investing a large amount in the Fin Tech field, but they are also investing in technology research. It is impossible for Mizuho make such an investment, but we will make efforts to create a business model by incorporating technologies that has been developed.

Q. Is incorporating various settlement information profitable for banks?

A. How to monetize information is a difficult issue for banks. In the process of incorporating information, there might be some profitable opportunities which we cannot see now.