

## Outside Director Session: Summary of Q&A

Q: Regarding the discount in Mizuho's stock price versus competitors. I think the capital market hasn't fully appreciated Mizuho's "turning signs of change into a robust forward momentum." How do you view this evaluation as an outside director?

A: (Chairperson Kobayashi) As an outside director, I strongly feel the changes at Mizuho myself, but feel that the capital market hasn't fully understood them yet. One reason might be that its growth story has not been fully articulated or communicated effectively. Through discussions with the executives, I feel the CEO and the management team have a clear sense of direction. However, there is a need to keep pursuing Mizuho's unique business growth and communicating that more effectively to the market, thus bettering its understanding.

Q: How is the progress of the culture reform? Do you feel that the employee mindset is changing?

A: (Chairperson Kobayashi) I feel that it differs between each in-house company, unit and group (CUG). While some have confidence in their own strengths and are progressing, others lack belief in their ability to grow on their own. This I think might be stemming from the intense competition in retail, including in regional areas, making differentiation from competitors challenging. The task at hand is for the executive side is to communicate with each CUG and to communicate Mizuho's strengths to the entire company. I, as an outside director, would also like to work to make sure that employees share an understanding of Mizuho's strengths and what it is highly regarded for .

Q: Regarding the shareholder proposals from the NGO at this year's AGM, how do you evaluate the fact that the proposal, although rejected, received a certain level of support? Will there be a response going forwards?

A: (Chairperson Kobayashi) I do not think the content of the shareholder proposal necessarily conflicts with Mizuho's policy. The Board of Directors had some doubts about including it in the Articles of Incorporation, leading to the Board of Directors voicing their opposition to it, but there are some aspects that we agree with, and will consider how we respond ahead of next year's meeting.

Q: How do you evaluate efforts to reduce cross-shareholdings?

A: (Chairperson Kobayashi) The Board of Directors regularly monitors the progress of reduction of

cross shareholdings. I have repeatedly told the executive side to proceed with negotiations for selling in a strict manner, and although they have responded that they will do so, I would say there is an issue with pace. This is a personal view, but, while the holders of cross-shareholdings bare the responsibility of selling them, there is an inconsistency in the attitude of the companies whose shares are being held, with some persisting to proceed with business based on the premise that their shares will continue to be held. As a request to investors, whilst I would like you to keep holders under pressure to sell their holdings as you do currently, I want to you to engage in discussion equally with those whose shares are being held. This I think will be key in solving the overall issue.

Q: Are there any issues that you feel you need to address as a member of the System Failure Response Evaluation Committee?

A: (Director Shinohara) We have received information at various meetings, etc., and believe that the framework is in place. I believe that we are in the phase of making sure that we can maintain and continue stable operations. However, I would venture to say the replacing of hardware, currently done at fairly high frequency, might even be excessive. Yes, caution is needed, but excess must also be trimmed going forwards.

In terms of maintenance and operation systems, considering the country-wide concern that a shortage of human resources lies ahead, work also needs to be done on improving productivity and output, rather than simply maintaining the status quo.

Based on my experience with telecommunications companies, no system is ever 100% secure – and I have seen many of them. Based on the premise that incidents will occur, not only the IT departments, but also the business departments, need to focus on how to minimize the scope and the duration of the the impact, in other words minimizing the inconvenience caused to customers when they do eventually occur. The IT department is most responsible for system stability, but it is important to maintain a culture in which the entire Mizuho organization, including the business departments, supports the system.

Q: It's been about a year since you became an outside director, and have you noticed any difference between the way Mizuho is seen from the outside and the way it is seen from the inside?

A: (Director Shinohara) Partly due I think to the nature of finance and banking, I felt that infallibility is prized very highly. This makes it difficult to take on challenges, because there is too strong a sense that failure is unacceptable. This is not to say that it is okay to fail at everything, but I believe that there should be a culture in which each employee is encouraged to challenge themselves, when mistakes are tolerable.

There is also a tendency to pursue extensiveness. I think it would be good to focus more on priority areas that must be done to increase competitiveness in the course of doing business.

A: (Director Noda) As Director Shinohara mentioned, there is of course the nature of financial institutions; I belonged to a financial institution more than 20 years ago. I experienced finance in Japan, the U.S., and the U.K., and then experienced various industries such as consulting, business companies, and government, etc. After returning to finance, I felt a strong air of perfectionism and intolerance of failure.

Finance is a business that evaluates companies based on their balance sheets and considers lending, which makes it difficult for employees to have the mentality to create new things and lead change.

A year ago, Mizuho formulated its Purpose: "challenging ourselves, while supporting the endeavors of our clients, to co-create a prosperous future". However, taking on challenges is actually something very difficult to achieve in the financial sector. That is why this Purpose is so meaningful, and important for all executives and employees to learn that it is okay to challenge oneself, and that as a result, we will achieve a "prosperous future" together. I see things changing a little bit as a result of our efforts from that perspective over the past year.

Q: I think taking up the position as an outside director at a financial institution probably presents more difficulties compared to other industries, how did you prepare?

A: (Director Shinohara) I was new to the world of finance, having been involved only in technology up to this point. At first there were a lot of terms that I did not understand, but the Board of Director's office provided me with a glossary of terms, which helped.

A: (Director Noda) It has been 20 years since I have been in the financial industry, and I feel that the environment has changed. It is no longer just traditional finance, the digital world is increasingly becoming a part of it. In this context, there is a need to consider what Mizuho should aim for, how it can position itself as a financial institution that society needs, and what it should do to achieve that. Additionally, in an era where major changes such as industrial reorganization and restructuring can occur, Mizuho needs to think about how to differentiate itself from potential competitors entering from other industries, or what kind of value it can provide in its position among the three mega-banks.

Q: With the strategies of the three megabanks seemingly similar, how do you think they should differentiate their business strategies?

A: (Director Noda) When I think about the creation of value unique to Mizuho, one thing I think is important is Sustainability.

Sustainability straddles all domains, transcends industries, and crosses the boundaries between the public and private sectors. A transformation is required across the entire system, including policies, all industries, consumers, and the public.

What Mizuho can do here is connect companies. It can connect across industries and barriers, or support startups whilst connecting them to large corporates. Through its direct involvement, it can link rule-making and policy lobbying to its own business. Mizuho has a strong relationship with the public sector and does business with a variety of industries. The hope is that Mizuho leads the way in the transformation and reshuffling of industrial structures, creating a sustainable era for industry and business by mobilizing and connecting the networks and knowledge it has long cultivated as an industrial finance company.

From this perspective, it is important to differentiate itself from its competitors and become a financial institution that can create value in the new era and that is needed by society, and we have various discussions on this.

Q: How do you contribute to enhancing Mizuho's corporate value?

A: (Chairperson Kobayashi) I try to express my opinions from time to time on global financial trends and Mizuho's direction, such as what businesses should be allocated more resources and what issues should be addressed more quickly. In addition, I encourage the executive side to think about how to change the corporate culture to become an organization that thinks and makes decisions on its own.

A: (Director Shinohara) I have been engaged in R&D in the field of information and telecommunications for over 40 years, so my expertise is limited, but as an outside director of Mizuho, I would like to contribute to IT reform, DX, data utilization, cyber security, and the utilization of new technologies.

A: (Director Noda) I believe that an important part of the role of an outside director is to have a bird's eye view. If you have been in the same industry for a long time and only look at your own company, you often tend to look at things from the perspective of common sense in the industry. When you look at things objectively from the outside and take a bird's-eye view, you can see how the world is moving today, what issues Japan as a whole is facing, and what needs to be done. I think it is important for Mizuho to look at the world from a wider perspective, ask questions, and think about what it can do while drawing out the answers. I believe that my own

contribution to the enhancement of corporate value is, whilst playing catch-up, to constantly ask questions about what Mizuho should be, how it should differentiate itself among the three megabanks, and how it should enhance its corporate value.

Q: Evaluation of the structure of eight outside directors

A: (Chairperson Kobayashi) I believe that having a majority of outside directors is important in terms of independence. On the other hand, I believe that it is not necessarily true that there should be a small number of inside directors. I believe that in order for outside directors to fully understand and discuss the company's situation, it is necessary to have many discussions with those who have specialized knowledge on the executive side.

Since I taking on my role, the ratio of outside directors and the composition of directors on the executive side have changed. I also serve as an outside director for other companies, and feel that discussions at Mizuho's board meetings are quite open and honest. The appropriate number of outside directors will vary depending on the company's level of growth at any given time, but I believe that the current eight-member board is appropriate.

I feel that it would be good to have the younger generation, who will be responsible for the future of the business, or even foreign directors as the global business grows. However, there is also the question of how much the younger generation will be involved in the overall discussions at the board meetings. We believe that there are other ways to ask for and reflect the opinions of the next generation, and this is one issue that needs to be addressed. As for foreign directors, whether they come from within or outside the company, we believe that they should be present. It is not a question of whether they can speak Japanese or not, but rather, I think it is necessary to prepare on Mizuho's side to bring them on board, and we need to establish this as soon as possible.

Q: What are your thoughts on gender diversity initiatives?

A: (Chairperson Kobayashi) At the Nominating Committee and the Human Resources Committee meetings, there have been some very severe comments about gender balance and women's activities for some time. In this context, Director Noda joined the board last year, and there are also women in the company who participate in meetings at the Board of Directors, although they are not members outright. As chairperson of the Board of Directors, I have also expressed my wish that female human resources be nurtured and brought into the decision-making process as soon as possible, and the Nominating Committee has also voiced its desire to do so. I am aware that the company is making considerable efforts to address this issue, including on the executive side, led by the CEO. More must be done to speed up the process, but we

are facing an extremely competitive environment for recruiting talented women. In this context, we still have a lot of work to do in terms of how to bring on board those who want to join Mizuho, or those who are already at Mizuho and wish to further develop their career.

A: (Director Shinohara) What is important is not only the current figures, but also how to expand gender diversity from this point forward. The Nominating Committee discusses not only the current number of women, but also what kind of human resources will remain in the future. On the other hand, if there are not enough women within the company, we are discussing ways to increase the ratio of women, such as hiring from outside the company, as in the case of Akita CCuO.