MIZUHO IR Day 2018

June 18, 2018

Mizuho Financial Group

One MIZUHO
Building the future with you

Forward-looking Statements

This presentation contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including estimates, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance.
In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “endeavor,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target” and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions.
We may not be successful in implementing our business strategies, and management may fail to achieve its targets, for a wide range of possible reasons, including, without limitation: incurrence of significant credit-related costs; declines in the value of our securities portfolio; changes in interest rates; foreign currency fluctuations; decrease in the market liquidity of our assets; revised assumptions or other changes related to our pension plans; a decline in our deferred tax assets; the effect of financial transactions entered into for hedging and other similar purposes; failure to maintain required capital adequacy ratio levels; downgrades in our credit ratings; our ability to avoid reputational harm; our ability to implement our Medium-term Business Plan, realize the synergy effects of "One Mizuho," and implement other strategic initiatives and measures effectively; the effectiveness of our operational, legal and other risk management policies; the effect of changes in general economic conditions in Japan and elsewhere; and changes to applicable laws and regulations.
Further information regarding factors that could affect our financial condition and results of operations is included in “Item 3.D. Key Information—Risk Factors” and “Item 5. Operating and Financial Review and Prospects” in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission (“SEC”) and our report on Form 6-K furnished to the SEC on December 28, 2017, both of which are available in the Financial Information section of our web page at www.mizuho-fg.com/index.html and also at the SEC’s web site at www.sec.gov.
We do not intend to update our forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by the rules of the Tokyo Stock Exchange.

Unless otherwise specified, the financial figures used in this presentation are based on Japanese GAAP
This presentation does not constitute a solicitation of an offer for acquisition or an offer for sale of any securities

Definitions

FG: Mizuho Financial Group, Inc.
SC: Mizuho Securities Co., Ltd.
RBC: Retail & Business Banking Company
GCC: Global Corporate Company
AMC: Asset Management Company

BK: Mizuho Bank, Ltd.
AM: Asset Management One Co., Ltd.
CIC: Corporate & Institutional Company
GMC: Global Markets Company
GPU: Global Products Unit

TB: Mizuho Trust & Banking Co., Ltd.
MHCC: Mizuho Capital Co.,Ltd.
RCU: Research & Consulting Unit

Consolidated Net Business Profits = Consolidated Gross Profits - G&A Expenses (excl. Non-Recurring Losses) + Equity in income from investments in Affiliates and certain other consolidation adjustments
Net Income Attributable to FG: Profit Attributable to Owners of Parent
2 Banks: Aggregate figures for BK and TB on a non-consolidated basis
Group aggregated: Aggregate figures for BK, TB, SC, AM and other major subsidiaries on a non-consolidated basis
Company management basis: management figure of the respective in-house company (management figures based on results of former business units up to FY2015)

Contents

1.	Retail & Business Banking Company	P. 3
2.	Corporate & Institutional Company	P. 9
3.	Global Corporate Company	P. 14
4.	Global Markets Company	P. 22
5.	Asset Management Company	P. 30
6.	Independent Outside Director	P. 37

Retail and Business Banking Company

1. FY2017 Review and the FY2018 Management Policy
2. “One Mizuho” Strategy
3. Revisit Channel Strategy
4. Digital Innovation Initiatives

FY2017 Review and the FY2018 Management Policy

FY2017 Review and the FY2018 Management Policy

FY2017 Review

Despite the harsh business environment, including factors such as negative interest rates, we made progress through full-fledged efforts regarding the "One Mizuho" strategy. In 2H FY2017, we very successfully offset the impact of negative interest rates through non-interest income.

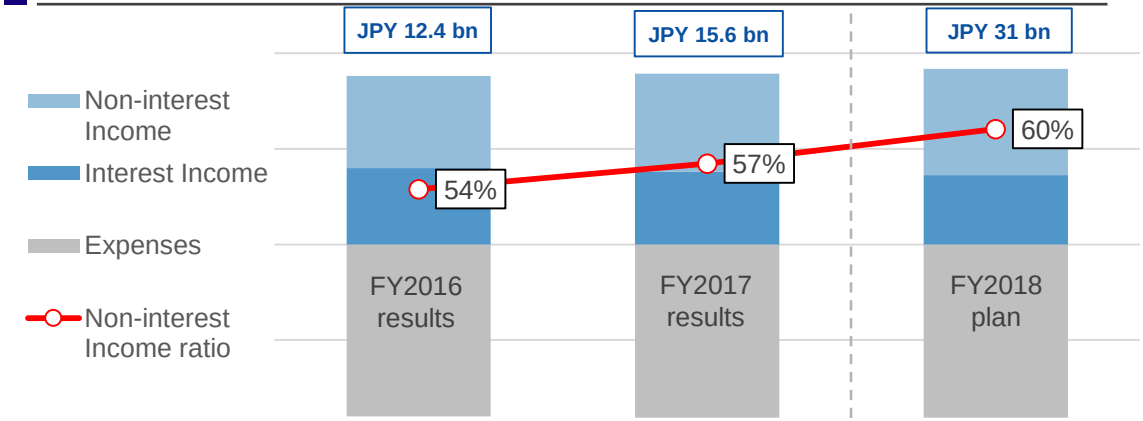
FY2018 Management Policy

FY2018 will be a year of further enhancement of the "One Mizuho" strategy and full-scale, medium- and long-term business model reform, so as to wrap up the current medium-term business plan in its final year.

Prioritized Targets		
	Enhancing the strategy for unifying BK, TB, SC	Taking initiatives for RBC business reformation
	Ensuring customer-oriented business (fiduciary duty)	Consistent initiatives for transitioning to Next-Generation IT systems

Net Business Profits*1

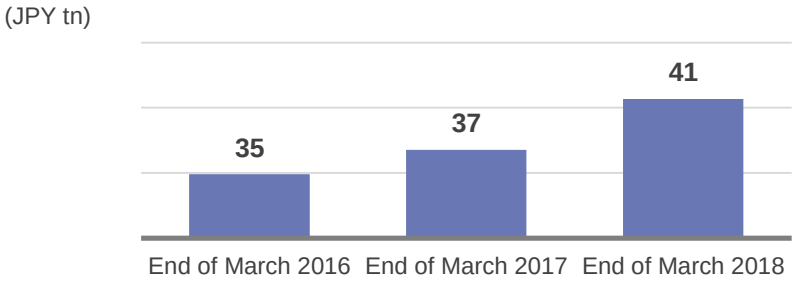
Group aggregate, management account
FY18 Plan is rounded figures



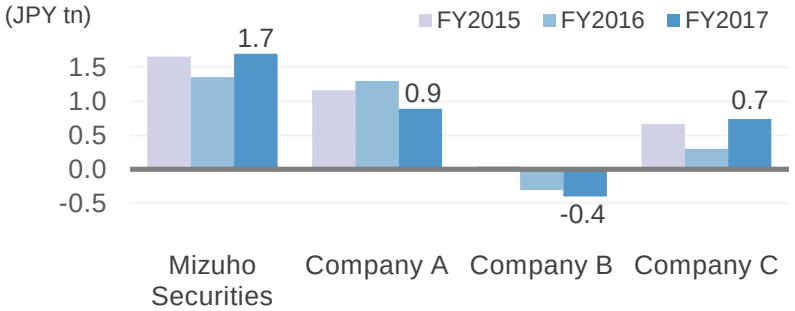
KPI

Group aggregate, management account
rounded figures

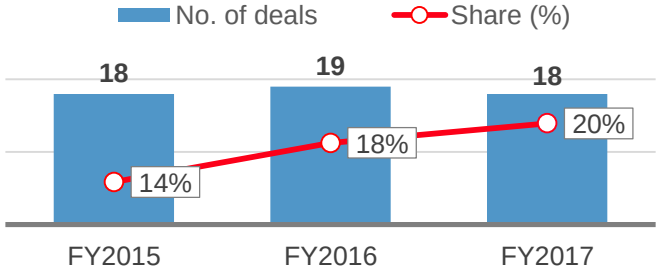
Balance of managed investment products (total of BK, TB and SC)



Inflow of client assets at each securities company*2



IPO number of deals and market share, where Mizuho was the lead manager*3



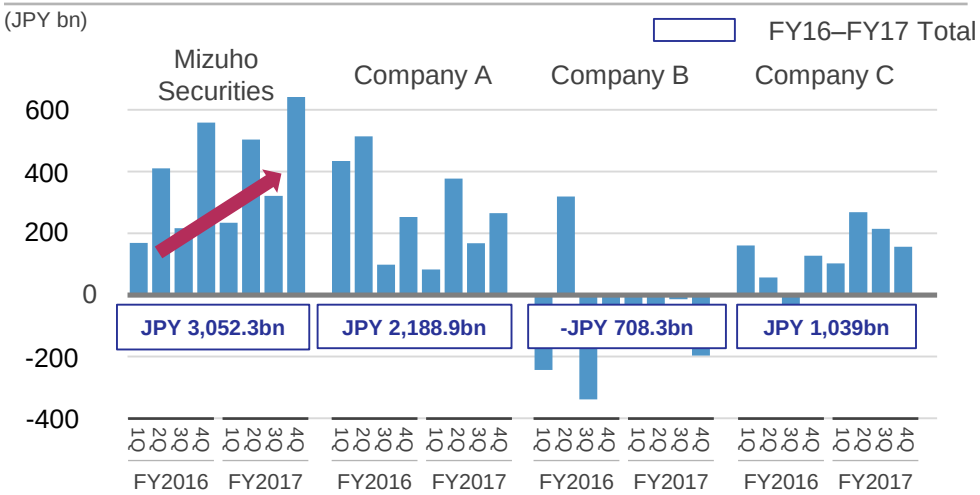
*1 The management accounting rules were changed in FY2018. The results of FY2016 and FY2017 are based on the previous rules. If based on the new rules, the FY2017 result is JPY 14 billion.
*2 Created using each company's financial results (Inflow of clients assets: Difference of cash inflow/outflow as well as the inflow/outflow of equities, fixed income, investment trust, and insurance)
*3 Created based on CAPITAL EYE ; including co-lead manager; excludes REITs and global offerings

“One Mizuho” Strategy (1): Accelerating the Shift from Savings to Investment and Asset Formation

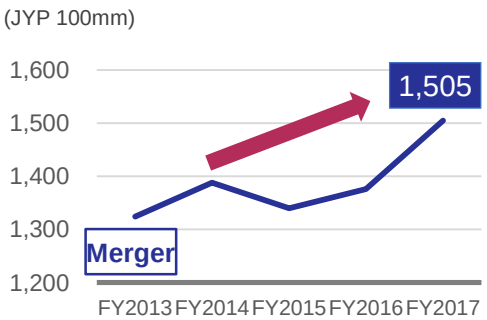
We saw positive effects from our leveraged consulting services of BK, TB, and SC. We are also working on initiatives for the enhancement of the "One Mizuho" strategy so as to enable sustainable growth.

Positive effects of the "One Mizuho" strategy steadily appearing

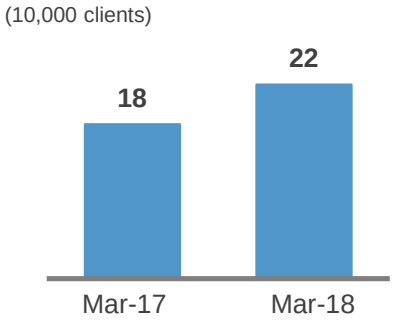
Inflow of client’s assets at security firms*1



SC Retail Net Operating Revenues

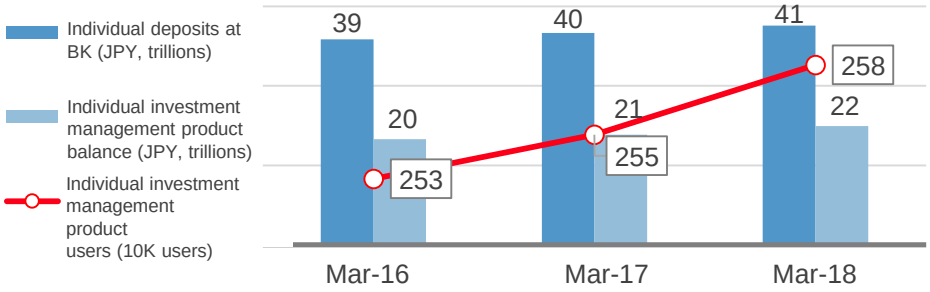


Group-wide clients*2

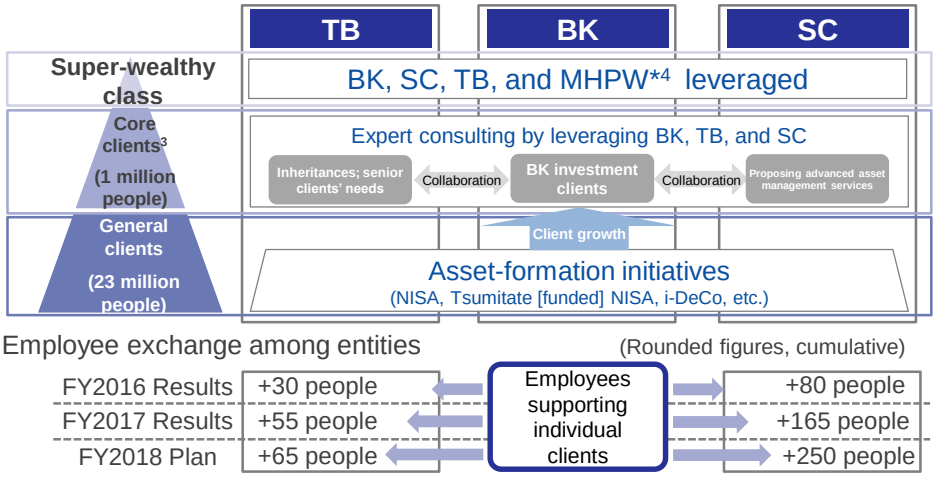


Necessary to further enhance the BK investment customer base and reinforce initiatives for “shifting from savings to investment and asset formation” through “customer-oriented business”

Balance of managed individual investment products and the number of users (total of BK, SC, and TB)



Sales structure



*1 Created using financial statements/data from each entity
*2 Number of clients that do business with multiple entities of MHFG, among those that own a certain amount of financial assets
*3 Clients that own a certain amount of financial assets
*4 Mizuho Private Wealth Management

“One Mizuho” Strategy (2): Supporting Corporates’ Growth Strategies & Business Succession

Providing solutions in line with corporate growth phases

Supporting growth strategies using BK, TB, and SC expertise

Establishment and growth phase

Support the growth of innovative companies

Supply funds
Mizuho Growth Support Fund No. 2
JPY 10 billion

Early-stage companies

Member services
- M’s Salon
- Large corporation matching
- Mentoring

Maturity and transition phases

Business strategy	M&As, MBOs Overseas expansion Business-matching
Financial strategy	Debt securitization Real estate finance
Capital policy	PO restructuring/ PE funds

Phase 0	Phase 1	Phase 2
Sharing management issues with owners	Identifying how to solve the issues	Providing solutions
Visualization of potential issues through an understanding of the customer’s actual situation	Provision of support utilizing expertise and insight	Demonstration of group-wide capability by leveraging the strength of BK, TB, and SC

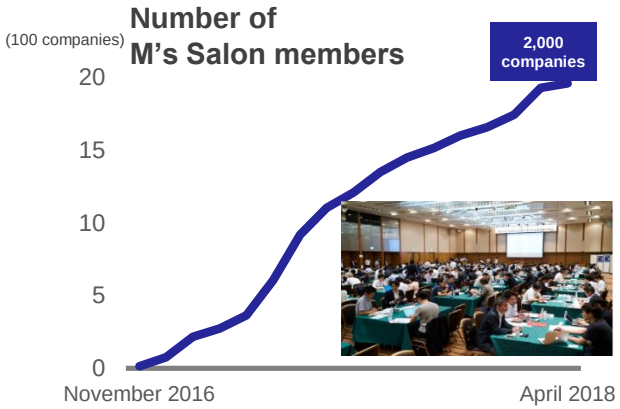
Mizuho ecosystem centering on M’s Salon*1

Acceleration College
Support of the CEO for solutions to management issues

Matching forum
Support for sales channel expansion and business alliance

X Tech Pitch
Matching of leading-edge companies and large corporations

VC matching
Support for fundraising



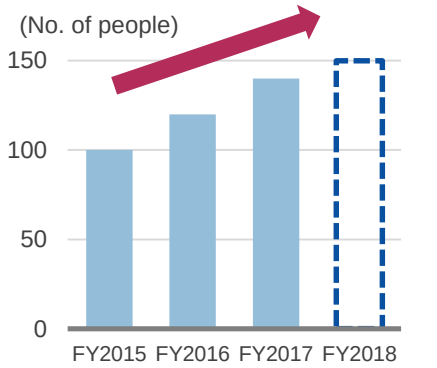
Providing solutions through business succession support

Group-wide focus on business succession consulting capability

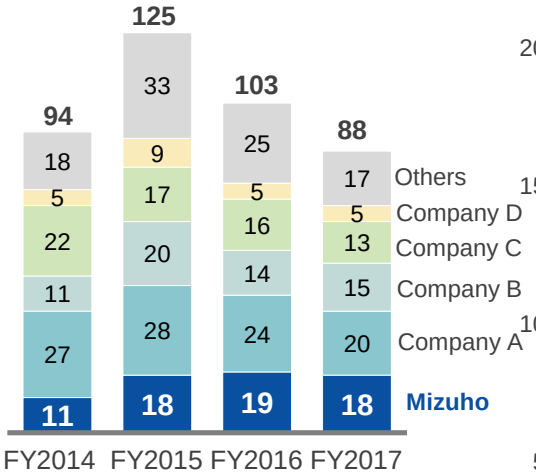
Current owner	Consulting Department (BK & TB)
Relatives (heirs)	Share transfer
Relatives (non-heirs)	Separation of management rights and property rights
Non-relatives (internal)	MBO
Non-relatives (outside the company)	M&A
	IPO

Group-wide service provision: MHBK, MHTB, MHSC, MHCC

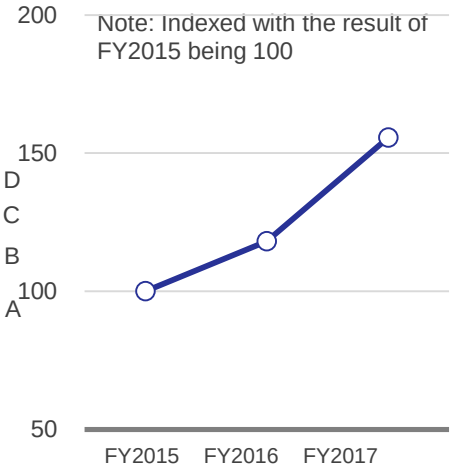
BK/TB consulting department*2



Number of IPOs by lead manager*3



Consulting-related profit mainly from support for business succession



*2 Mainly involved in business succession and financial consulting
*3 Created based on CAPITAL EYE ; including co-lead manager; excludes REITs and global offerings

*1 Member services for the acceleration of innovation companies

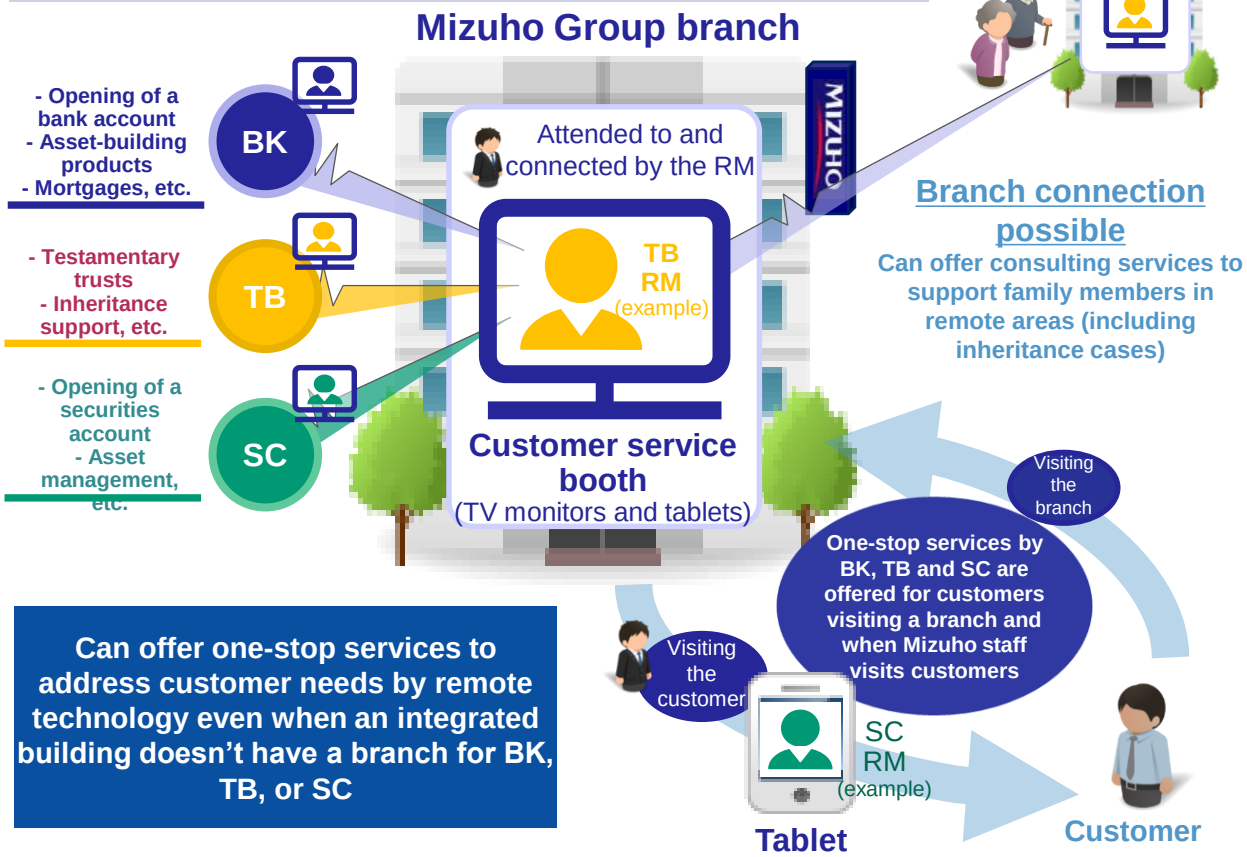
Revisit Channel Strategy : Branch Digitization x BK/TB/SC Service Enhancement

BK/TB/SC one-stop services utilizing remote channels

One-stop consulting services for banking, trusts, and securities at all branches in Japan

Trial to start in June 2018, to be expanded gradually

To start services at all branches in Japan within one year after the launch of the Next-Generation IT systems (by FY2020)



Can offer one-stop services to address customer needs by remote technology even when an integrated building doesn't have a branch for BK, TB, or SC

Branch reorganization
(Announced in November 2017)

Face-to-face channel — **Differentiation via the BK/TB/SC leveraged approach using a hub & spoke structure**

Improvement of the efficiency of branches and networks

Branch reduction (Consolidation/joint offices)	**100 branches**	By FY2024
Branch digitization (Next-generation branch/light-weighting)	**All branches**	

Shift of prospective customers to a face-to-face channel (with the effective use of AI)

Achieve both customer service improvement and cost competitiveness

Shift of general operations to a digital channel

Digital channel — **Differentiation through the BK/TB/SC leveraged approach using the internet**

Sophisticating the business base via the internet

All BK/TB/SC processes completed online	- All transaction processes completed online - Leveraged functions reinforced
External alliances	Expansion of the customer base with high efficiency

Digital Innovation Initiatives

J.Score started (September 25, 2017)

Japan's first AI credit score/lending system

J.Score

Finance: MIZUHO

Technology: SoftBank

Achieving better-than-expected performance/ succeeded in establishing a new brand

Results at the end of March 2018	Target at the end of March 2019
JPY 3.5 billion (130,000 scores)	More than JPY 20 billion (350,000 scores or more)

- ✓ Calculates a score reflecting the credibility and possibility of customers using AI and big data
- ✓ All processes completed via the internet; loans may be offered within 30 minutes.
- ✓ Scores may increase with personal information input/information-sharing.

- ☐ Information-sharing with Yahoo! to be started (scheduled for the end of June 2018)
- ☐ Release of a mobile application (scheduled for the beginning of July 2018)
- ☐ Membership program (scheduled for 2H of FY2018)

Improvement of customer convenience

Mizuho Wallet application

✓ Immediate debit simply by holding a smartphone over the reader

- No cash card necessary
- No need for making an application

✓ Immediate registration and immediate use available

- Paperless account opening sign-up

From Mar. 2018

100,000 downloads within 2 months from launch

Mizuho online mortgages

✓ All processes completed entirely via the internet

- No need to visit a branch for an application for a loan, application for group credit life insurance, loan contract execution, or settlement

✓ Dedicated personnel to support the customer's operations on the application board

From Dec. 2017

FY2017 results increased to 150% of the previous fiscal year

Mizuho Business Debit

✓ Business debit card (compatible with non-contact "Visa payWave") for SMEs and the self-employed (first for a mega bank)

✓ Shift to cashless and paperless business via instant settlement

✓ Online account opening sign-up started (from April 2018)

From Jan. 2018

Number of member companies

FY2017 results: 1,000 companies

FY2018 plan: 25,000 companies

Mizuho Smart Portal

✓ Multi-purpose portal site for SMEs, first for a mega bank (open site)

- Sign-up for account opening completed online
- Offers information for incubation, industry, public administration, management support, etc.

From May 2018

Number of internet accounts opened:

FY2017 results: 2,000 companies

FY2018 plan: 5,000 companies

Corporate & Institutional Company

1. FY2017 Review and the FY2018 Management Policy
2. FY2018 Key Strategy: Improvement of Core Earnings
3. Initiatives to Reduce Cross-Shareholding and Prospects for FY2018 1Q

FY2017 Review and the FY2018 Management Policy

FY2017 Review and the FY2018 Management Policy

FY2017 Review

- **Both Net Business Profits and Net Income exceeded the plan.**
- **Net Interest Income reversed its downward trend.**

- Net Interest income reversed its downward trend as a result of asset rebalancing, in addition to an increase in the loan balance, offsetting the impact of negative interest rates.

- **Non-interest Income also increased.**

- Non-interest income also increased as a result of successful business model conversion (reinforcement of initiatives for value-chain business).

- **The reduction of cross-shareholding did not achieve the plan, but progress was made as scheduled in the medium-term plan on an approval basis.**

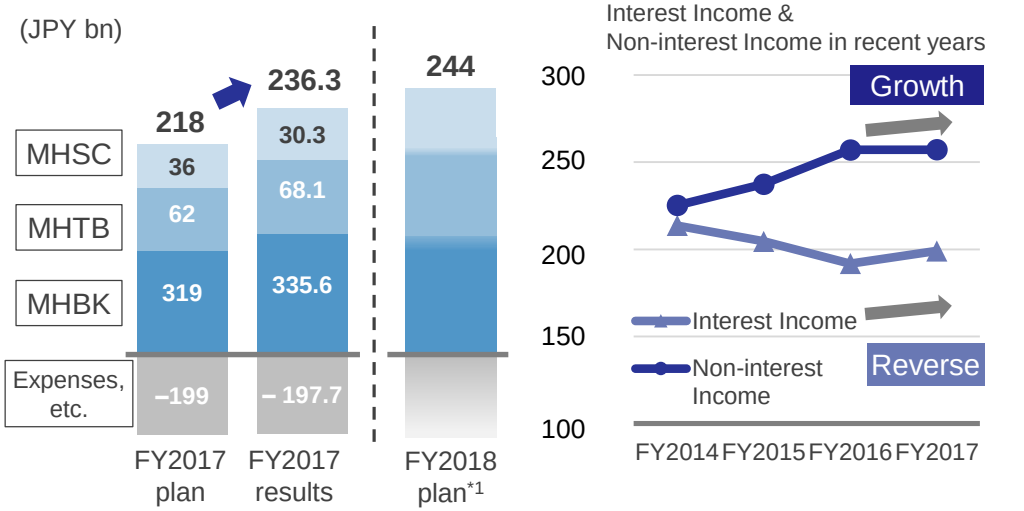
FY2018 Management Policy

Establishing a management base for sustainable growth by thoroughly strengthening top-line profits (≒ core earnings)

1. **Enhancing the BK-TB-SC value chain sales structure**
2. **Strengthening SC (M&A/equity) and TB (real estate) businesses**
3. **Expanding the scope of risk-taking and taking initiatives for white spaces**
4. **Creating synergy by strengthening collaboration among companies**

Net Business Profits*1

Group aggregate, management account rounded figures



KPI

		FY2017 Result		FY2018 Plan
1	Domestic syndicated loan book runner*2	1st	No.1	1st
2	Profit from real estate-related business*3	Top class	No.1	Top class
3	DCM (domestic straight bonds)*4	2nd	↓	1st
4	ECM (total equity underwriting worldwide)*5	4th	↓	2nd
5	M&As (domestic and foreign/amount)*6	5th	↓	5th

*1 The management accounting rules were changed in FY2018. The results of FY2017 are based on the previous rules. If based on the new rules, the FY2017 result is JPY 229 billion.
*2 Source: Prepared by MHBK based on the data of Thomson Reuters
*3 MHTB (including subsidiaries), based on internal management
*4 Underwriting amount basis, condition determination date basis, aggregate of wholesale commercial bills, electric company bonds, and bonds for individual investors (excluding bank bonds and self-offerings) (Source: Prepared by MHSC based on the data of I-N Information Systems)
*5 Domestic/foreign equity underwriting amount basis, condition determination date basis (Source: Prepared by MHSC based on the data of Thomson Reuters and I-N Information Systems)
*6 Including announced deals related to Japanese companies and deals in which the nationality of the parent company is Japan, excluding real estate deals (Source: Thomson Reuters)

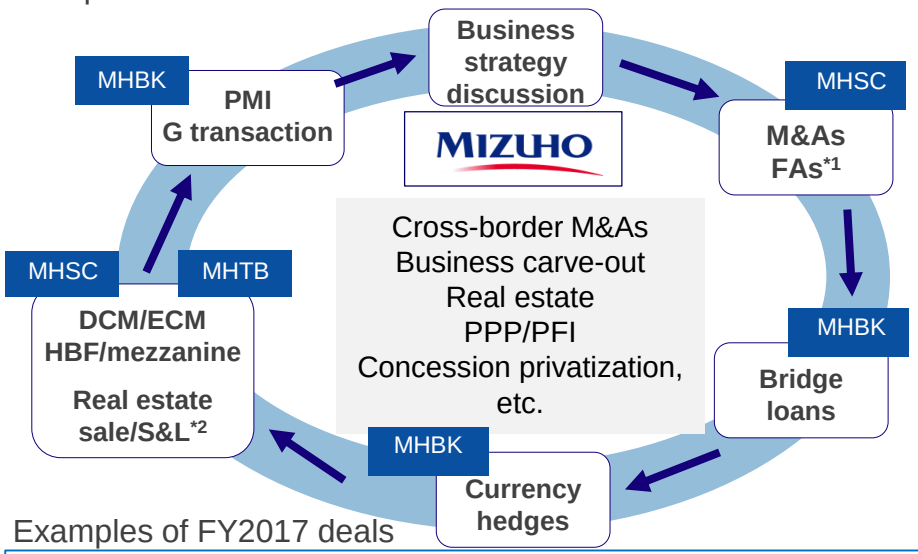
FY2018 Key Strategy (1): Improvement of Core Earnings

■ **Enhance the value-chain sales structure through integrated BK-TB-SC efforts.**

Maximize group profit through knowledge of changes in social and industrial structures and an understanding of customers' financial/business strategies.

Business value chain by MHBK, MHTB, and MHSC

Examples of cross-border M&As



Examples of FY2017 deals

MHSC **LBO finance in PE fund acquisition**

Privatization by LBO finance through business strategy discussions

=> Expect future IPOs by improving the corporate value through PMI.

MHTB **Large-size real estate intermediary business**

Financial arrangement for acquirers in previous real estate transactions
=> Get involved in exit strategy via follow-ups after acquisition (investor development, finance composition, etc.).

Strengthening the sales structure via the rebalancing of management resources

	Efficiency improvement	Focus
Personnel*3	Head office personnel reduction Improvement of front-office efficiency -4%	Personnel increase/reassignment to SC front office, TB real estate, etc. +6.5%
Risk Assets*4	Reduction by selling stocks held for policy-related purposes, improving ratings, etc. -2 trillion yen	Allocation to products/mezzanine, etc. +1.9 trillion yen

Challenges in strengthening the business value chain

MHSC	Strengthening M&As/equity
MHTB	Further strengthening the real estate business

*1 FA: Financial advisor
*2 S&L: Sales & lease back
*3 Approximate total for three years of the medium-term plan (including the FY2018 plan), percentage against approx. 2,500 CIC personnel as of the end of March 2018
*4 Approximate total for three years of the medium-term plan (including the FY2018 plan)

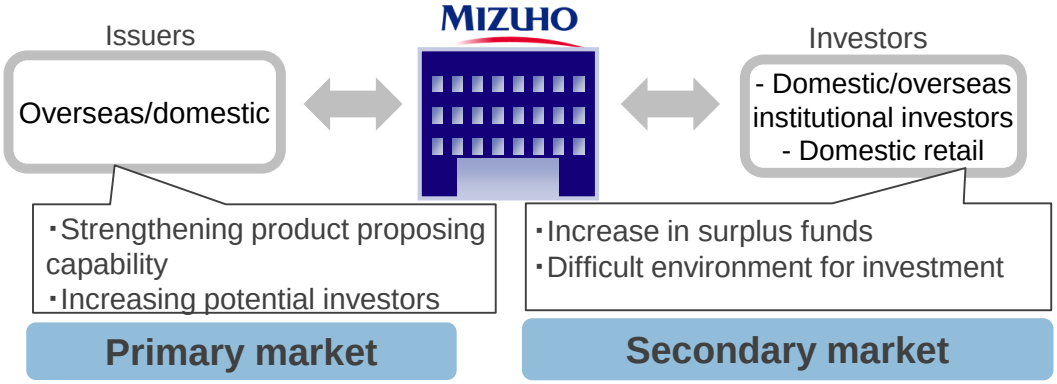
FY2018 Key Strategy (2): Improvement of Core Earnings

■ **Further accelerate collaboration among companies and strengthen the "hub" function in promoting business with large Japanese companies.**

1 Strengthening investor business

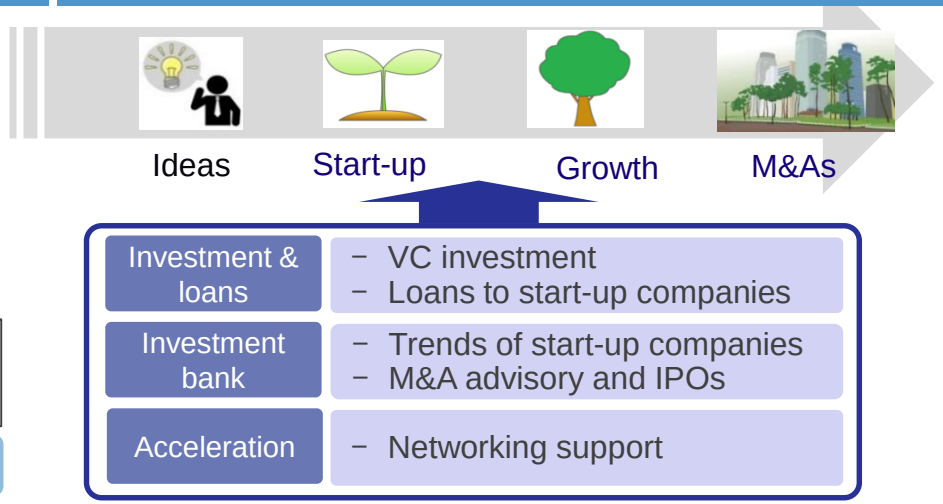
GMC | RBC | AMC | GCC

✓ **Strengthen the financial intermediary function via the capital market** through collaboration not only within the company (large corporations ⇔ financial institutions/public sector) but also among companies.



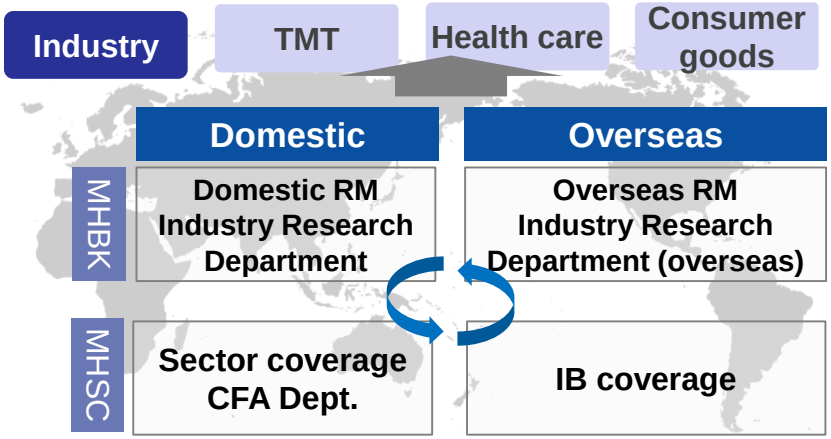
3 Initiatives for innovation-focused companies

RBC | RCU



2 Establishing an industry-specific global sales structure

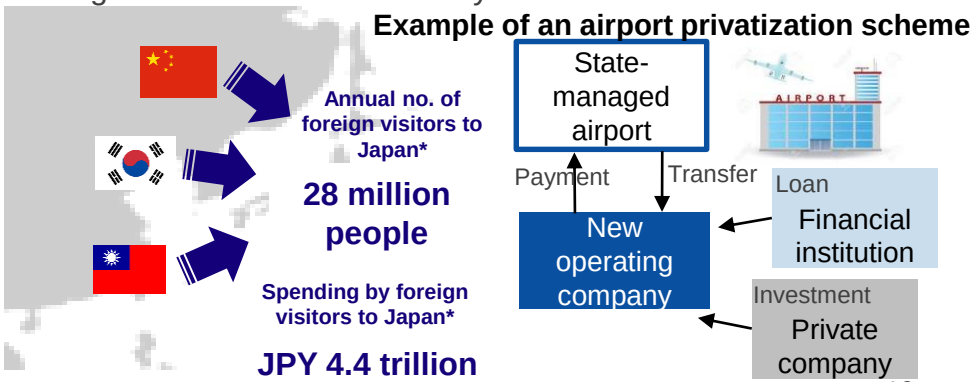
RCU | GCC



4 Initiatives for Japan's growth strategy

GPU | RCU

✓ Support **privatization business for regional infrastructure, such as airports**, and regional development centered on the travel industry associated with increased inbound demand from Asia, through the financial intermediary function.

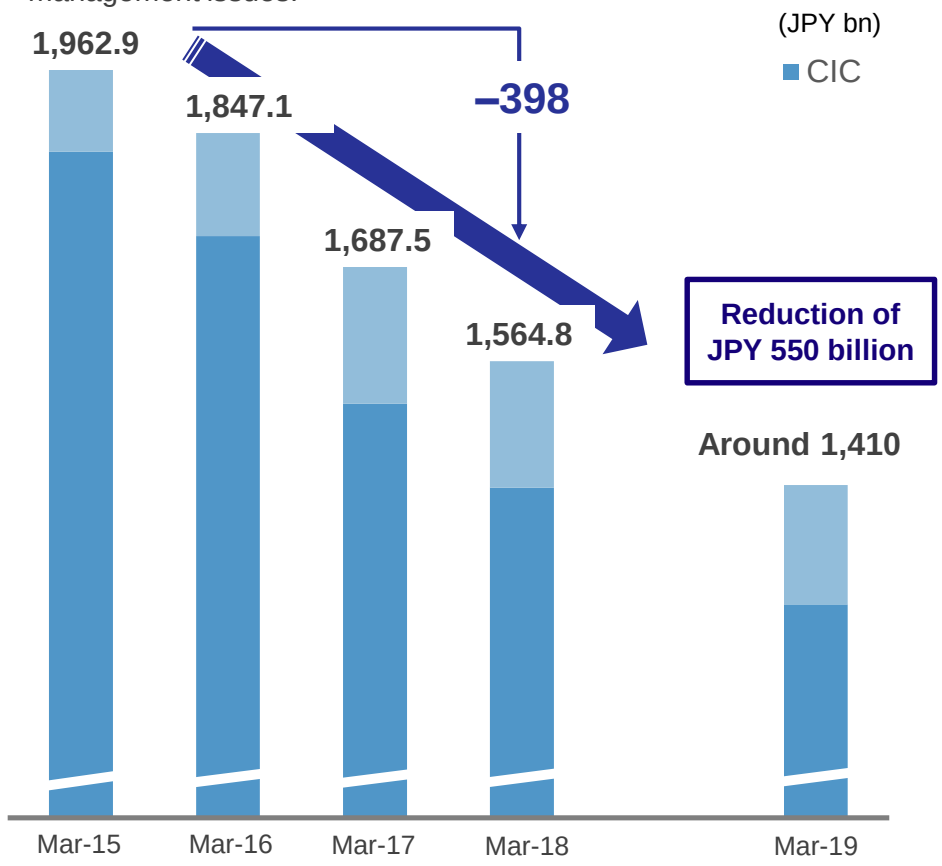


* Source: Websites of the Ministry of the Environment and the Japan National Tourism Organization

Initiatives to Reduce Cross-Shareholding and Prospects for FY2018 1Q

Progress of the Reduction Plan[*1, *2]

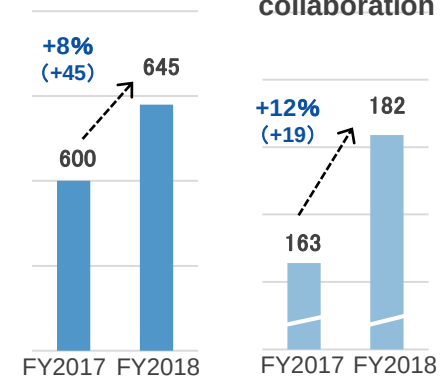
- ✓ CIC is in charge of approx. 90% of FG's Cross-Shareholding.
- ✓ Approx. 400 billion yen has been reduced by the end of FY2017. (Progress: 73%)
- ✓ Mizuho is steadily reducing the book value as one of its important management issues.



FY2018 1Q progress

<Deal pipelines as of May>

(JPY bn)

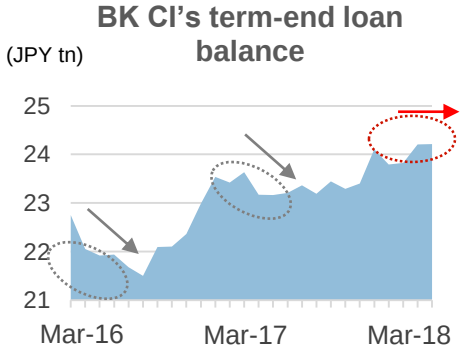


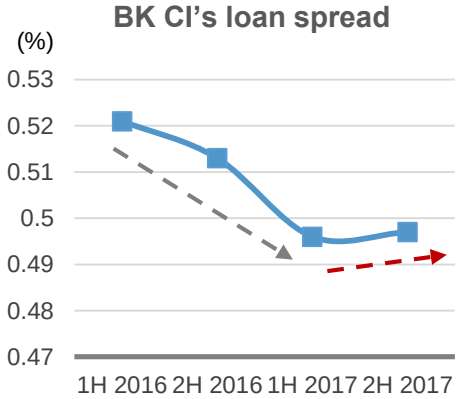
<Major KPI>

		May 2018 preliminary report
1	Syndicated loan (Book runner basis)	1st
2	DCM (Domestic straight bonds)	2nd
3	ECM (Total equity underwriting worldwide)	7th
4	M&A (Domestic and foreign/amount)	8th

<Loan balance and spread[*3]>

- ✓ The loan balance had been reduced at the beginning of each fiscal year from the end of previous fiscal year in the past years, but the balance at the end of April 2018 remained at the same level as the previous term.
- ✓ The spread reversed in the second half of 2017, partly because of increased product-/acquisition-related credit, etc.





*1 Shares listed on the Japanese stock markets, figures are on an acquisition cost basis
*2 The CIC book values in the chart reflect a partial transfer to RBC after the end of March 2017.
*3 Taken charge of by BK CI, month-end balance of JPY/foreign currency lending in Japan (including hybrid finance, etc.)

Global Corporate Company

1. FY2017 Review and the FY2018 Management Policy
2. Key Strategy 1 : Transforming business portfolio
3. Key Strategy 2 :
   - Cross-selling (i) Investment banking
   - Cross-selling (ii) Transaction banking
4. Key Strategy 3 : Strengthening the business and management base

MIZUHO

FY2017 Review and the FY2018 Management Policy

FY2017 Review and the FY2018 Management Policy

FY2017 Review

While we managed to downsize low-profitability assets, which is mostly on track, a delay in shifting resources to high-profitability assets resulted in a decline in Net Interest Income.

While transaction banking revenues grew steadily, lending-related fee and commissions remained sluggish.

We managed to slow the cost increase, which has been prominent in the past years.

FY2018 Management Policy

1. Transforming business portfolio Accelerate

Continue **shifting resources to high profit assets**. Enhance our client base and products base while deep-drilling business and improving our relationship (tier-up) with the G300 clients.

2. Cross-selling products Continue

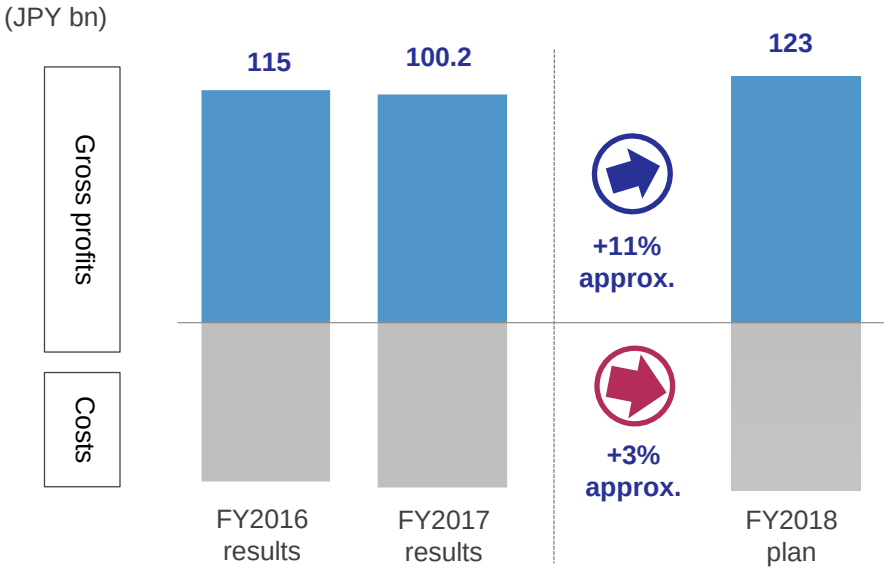
Maximize cross-selling with **investment banking and transaction banking products, etc.**

3. Enhancing the business and management base Accelerate

Enhance cost control, pursue operational excellence, and secure sufficient non-JPY liquidity for **sustainable growth under difficult business environment.**

Net Business Profits *1

Group aggregate, management account
FY18 Plan is rounded figures



KPI

		Actual	3-yr plan
		FY15 → FY17	FY15 → FY18
1	Non-interest Income*2	- 2%	+ 30%
2	US DCM league table*3	10th	Top 10
3	Non-JPY deposits balance*4	+ 10%	+ 10%

*1: The management accounting rules were changed in FY2018. The results of FY2016 and FY2017 are based on the previous rules. If based on the new rules, the FY2017 result is JPY 92 billion.
*2: Commitment fee and warranty fee excluded.
*3: Source: Dealogic. IG or above corporate bonds with the issuance amount more than 250M USD.
*4: Deposits from clients, estimates in comparison to FY2015.

Key Strategy 1: Transforming business portfolio

Shifting resources to high-profitability assets

- During FY2017, while we managed to downsize low-profitability assets, we were unable to reallocate resources to high-profitability assets as planned.
- In FY2018, we will be more proactive by allocating resources to high-profitability assets.
  - The four regions will be treated as business strategy units, each responsible for pursuing its profit and RWA plan, with strong focus on profitability.

FY2018 (plan)

(RWA, JPY bn) GCC-management accounting base*

	Low-profitability assets	High-profitability assets
Total	- 50	460

FY2017 (actual)

(RWA, JPY bn) GCC-management accounting base*

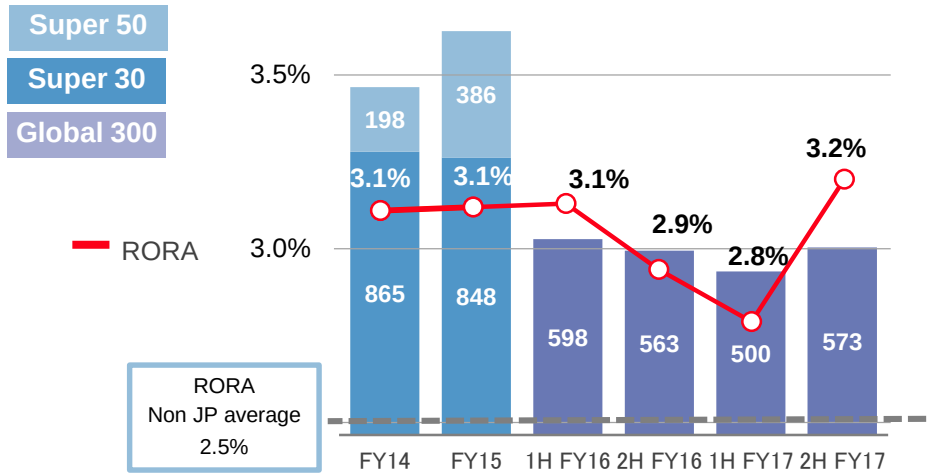
	Low-profitability assets	High-profitability assets
Non-JP Corporates	- 190	240
JP Corporates	- 40	70
Project Finance	- 240	50

Focusing on Non-Japanese corporates strategy

- Revenues from G300 dropped due to the slowdown of M&A activities in the Americas and EMEA and the shrinking spreads in Asia. A recovery was seen after October.
  - G300 business maintains RORA roughly above 3.0%, compared to Non-JP RORA average 2.5%.
- In FY2018, increasing profitability through deep-drilling business and improving our relationship (tier-up) with the G300 clients will be the top priority for all regions.

Global 300 profitability*

Gross Profits/RORA
(USD mn)



* Global 300 figures for FY2016 and after. Super 50 figures for FY2014 and FY2015 (excluding Super 30 figures). RORA based on Super 50.

Key Strategy 1: Transforming business portfolio

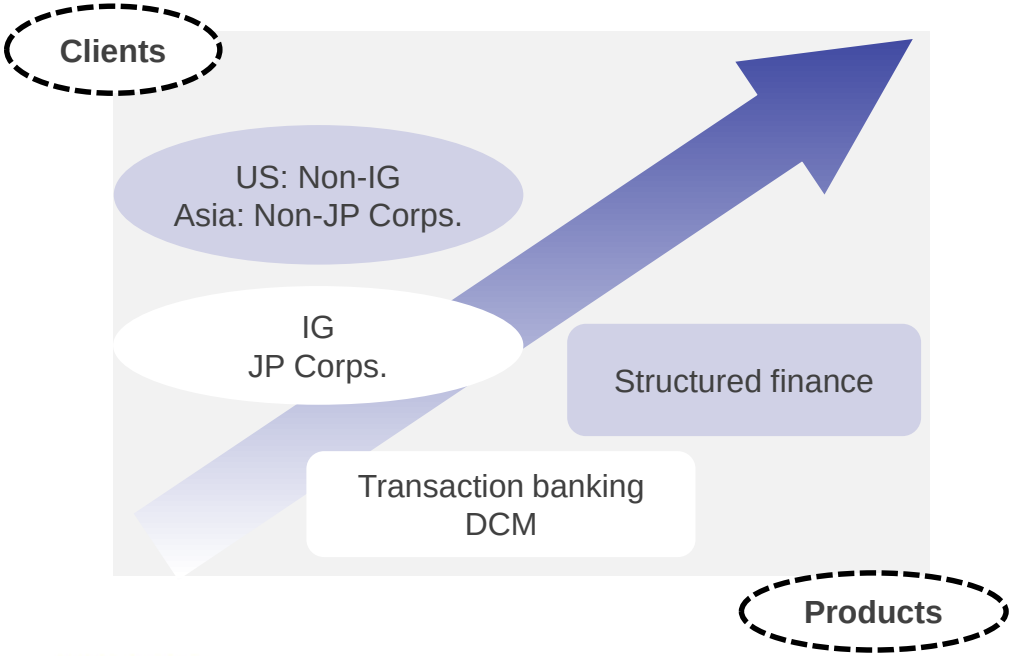
Initiatives for further growth

- Strategically allocate RWA while expanding the scope of risk-taking.
- Pursue the upside of revenues while enhancing our client and products bases.
- Consider diversifying business portfolio and expanding to the Non-IG segment in order to expand the scope of risk-taking.

Enhance and expand client base

Enhance products base

Selective & Gradual

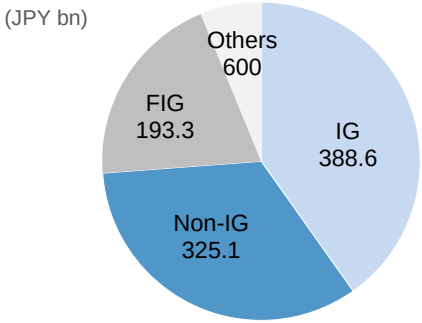


Expand scope of risk taking

US: Non-IG

DCM fee-pool*1

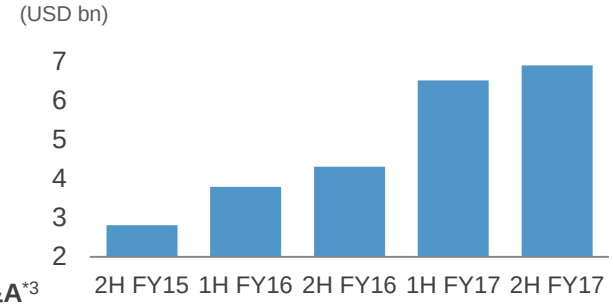
- We will seek more profit opportunities from the Non-IG segment, which makes up a large proportion of the capital markets fee pool.



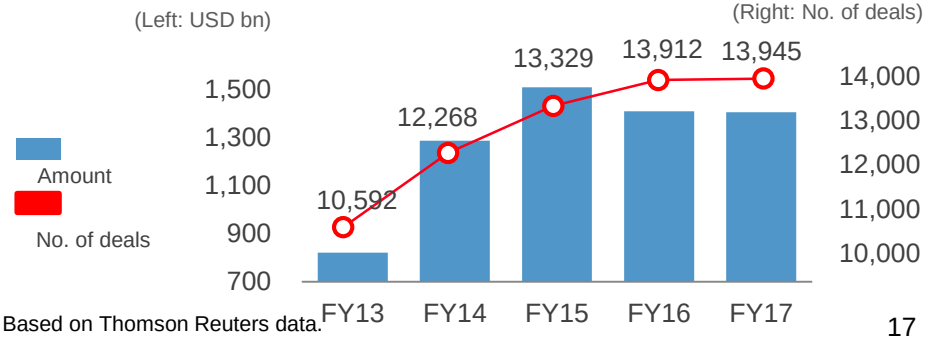
Structured finance

- Volume of CLO origination in the US is growing steadily
- Number of cross-border M&A deals is growing, maintaining robust demand

Volume of CLO origination*2



Cross-border M&A*3



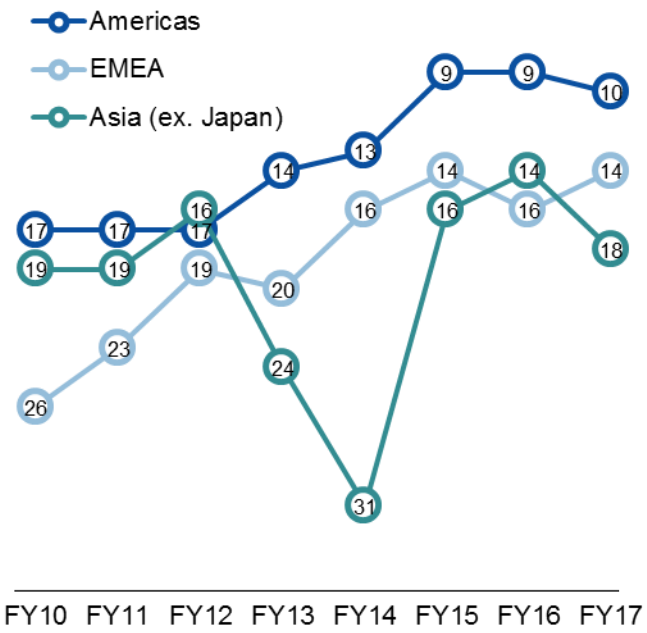
*1: Based on Dealogic data. *2: Based on Leveraged Commentary & Data (S&P). *3: Based on Thomson Reuters data.

Key Strategy 2: Cross-selling (i) Investment banking

Investment banking

- We will focus on increasing market share and revenues in the DCM in the Americas, where we ranked top 10 for three years in a row in FY2017. We also ranked sixth in the league table of Mizuho clients in FY2017.
- We will leverage our presence in the USD debt market in order to strengthen our DCM business in Europe and Asia.

IG DCM league table ranking



Source: Based on Dealogic data.
Bookrunner base, issuance amount 250M USD or more, excluding offshore bonds.
Americas: USD bonds, EMEA: USD, EUR and GBP bonds, Asia: USD bonds

League table among our clients

Ranking	Bookrunner	Share (%)
1	JPMorgan	12.7%
2	BAML	10.6%
3	Citi	8.6%
4	Barclays	7.9%
5	Goldman Sachs	7.6%
6	**Mizuho**	**7.0%**
7	Wells Fargo	6.1%
8	Deutsche Bank	5.3%
9	Morgan Stanley	4.6%
10	MUFG	4.4%

Source: Based on Dealogic data.
US IG bonds issued from April 2017 through March 2018.
Bookrunner base, issuance amount 250M USD or more, excluding offshore bonds.

Global 300

Asian real-estate developer A

- A large financing deal won thanks to our solution-focused approach
- Appointed a joint global coordinator for bridge financing related to business split and restructuring, leveraging our BK-SC collaboration

Global 300

European construction company B

- Involvement in one of the largest M&A deals in Europe
- Appointed a bookrunner together with the major global FIs

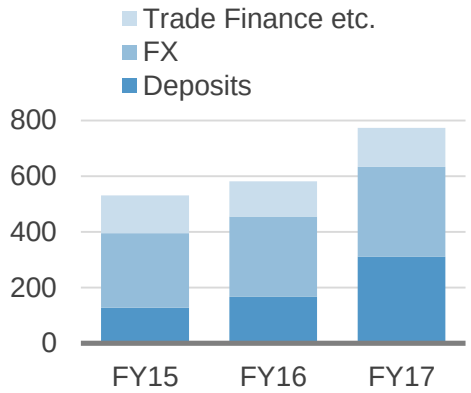
Key Strategy 2: Cross-selling (ii) Transaction banking

Transaction banking

- We will develop a global sales & trading framework, develop competitive products, and continue improving business infrastructure.
- With respect to Non-Japanese corporates, we will mainly target multinational companies with cross-border transactions involving Asia and Asian local companies in need of cash management.
- During FY2017, we managed to increase both profits and transaction volume. We also won several awards, as below.

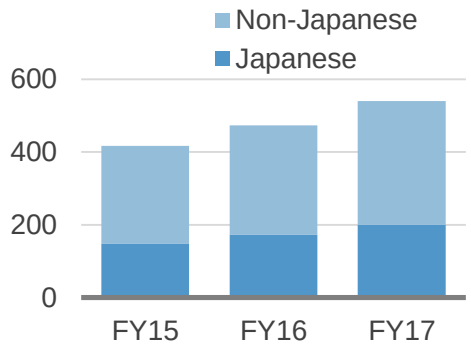
Global transaction banking revenues

(USD mm)



Forex trading volumes

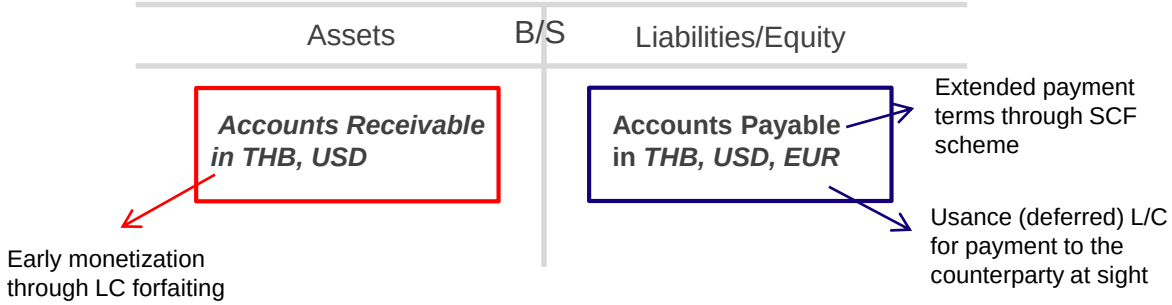
(USD bn)



Year	Awards
2018	**The Asian Banker, Transaction Banking Awards** ・The Most Improved Transaction Bank in Asia Pacific **Global Trade Review, Leaders in Trade** ・Best Trade Finance Bank in East Asia & the Pacific
2017	**Asiamoney, Cash Management** ・Best Bank in Japan ・Best Japanese Bank for Asian Client **Euromoney, Cash Management, Awards for Excellence** ・Best Cash Manager in Japan

Successful case: Improvement of cash conversion cycle of a Thai local company

✓ *Proposed a cross-boarder solution that improved working capital efficiency and brought in transaction banking profits from multiple channels including supply chain finance (SCF)*



Key Strategy 3 : Strengthening the business and management base

Strengthening cost control

- We will implement strict cost control in order to mitigate cost increases outside Japan associated with business expansion
- Given new financial regulations which will also weigh heavily on costs, it is essential to fundamentally improve our cost structure

Slowing the increase of running costs

Strengthen cost-control

- Headcount
- Non-personnel expenses

Improve cost structure

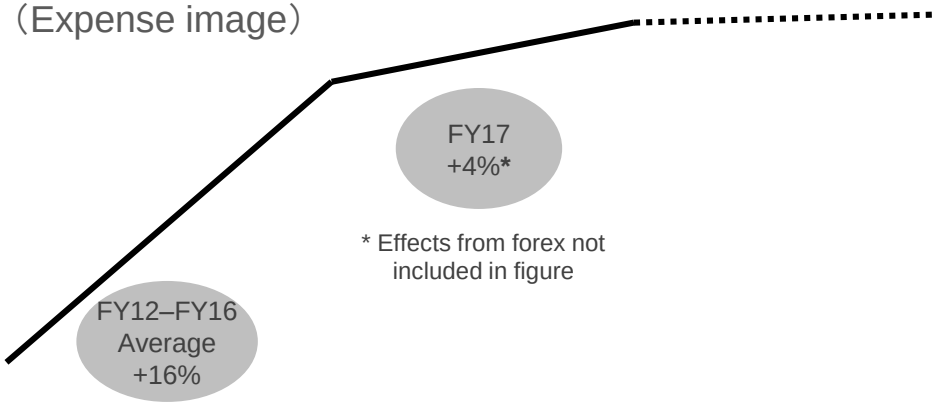
- Integrate corporate functions
- Consolidate back-office operations
- RPA
- Joint purchasing … etc.

Refraining from increasing the headcount

Restrain hiring of new employees*

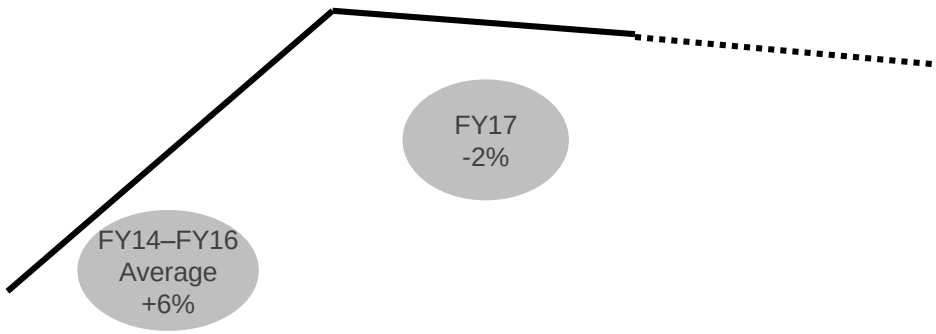
* GCC base

（Expense image）



* Effects from forex not included in figure

（Headcount image）



Key Strategy 3. Strengthening the business and management base

Promoting operational excellence

Integrate corporate functions across locations/entities

- Merger of Mizuho Bank (USA) and Mizuho Trust & Banking (USA)
- Consolidation of business operations within the same country/area (e.g. India, LA, etc.)
- Introduction of shared services in the US for risk management; reorganization of credit management

Consolidate and reallocate back-office operations

- Integration and/or reallocation of back-office operations, etc.

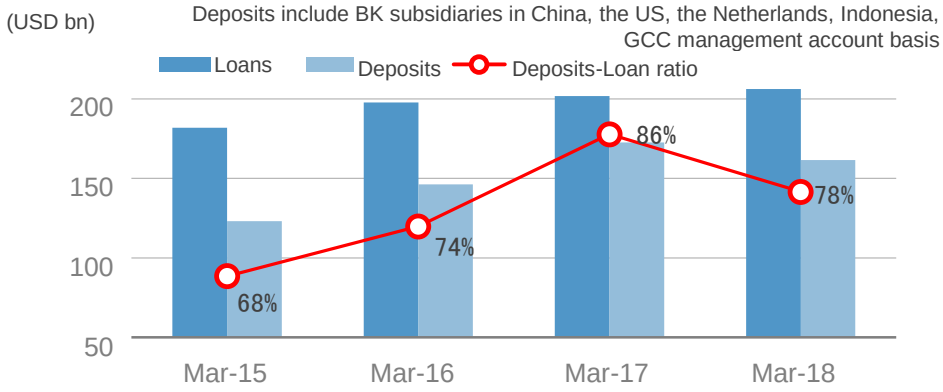
Going digital, improving work processes

- Elimination of paper-based operations, introduction of digitalized workflows
- Introduction of new technologies, including RPA, to streamline operations and reduce work volume

Securing non-JPY liquidity

- Paid more attention to the cost of non-JPY deposit in FY2017 (more selective approach to high cost deposit)
- Diversified medium-to-long term funding capability through several approaches including non-JPY bond issuance.

Non-JPY Loans and Deposits



Non-JPY bond issuance*

Bond type	Value (issuance date)
BK AUD bonds	125 million AUD (2017/7)
BK USD bonds	110 million USD (2017/7)
FG USD bonds	Total 3.25 billion USD (2017/9) Total 3 billion USD (2018/3)
FG EUR bonds	500 million EUR (2017/10)
BK CNY bonds（Panda Bonds）	500 million CNY (2018/1)

* Major deals in FY2017 after July 2017.

Global Markets Company

1. FY2017 Review and the FY2018 Management Policy
2. Initiatives in ALM and Investments
3. Initiatives in S&T
4. Examples of Initiatives in Digital Innovation
5. Approach to Next Medium-term Business Plan

FY2017 Review and the FY2018 Management Policy

FY2017 Review and FY2018

FY2017 Review

Summary

- **Even though FY2017 Net Business Profit decreased sharply from FY2016, the FY2017 target was almost achieved**
  - Made gains on sales in ETF portfolio , and losses on sales in fixed income portfolio as portfolio MTM`s were actively managed.
  - Looking to a recovery in FY2018 by focusing on structuring the S&T organization through standardization of BK/SC platform and reform of cost structures.

Task

- **Recovery of profit in ALM & Investment portfolio through early warning control and accurate asset allocation**
- **Strengthen S&T profitability by operational enhancement of global management and BK/SC integrated management**

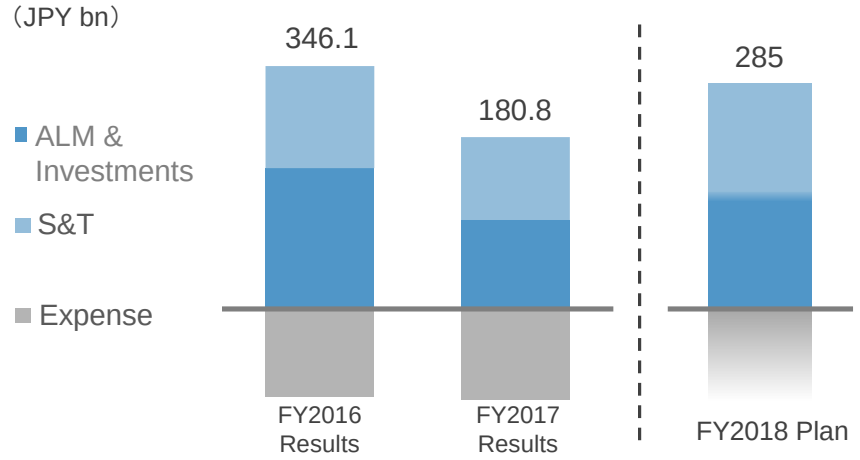
FY18 Management Policy

- V-shaped Recovery of Profit
- Accomplishment of Current Medium-term Business Plan
- Initiatives towards Next Medium-term Business Plan

➡ A Top-class Global Markets Player in Asia

Net Business Profit*

Group aggregate, management account
FY18 Plan is rounded figures

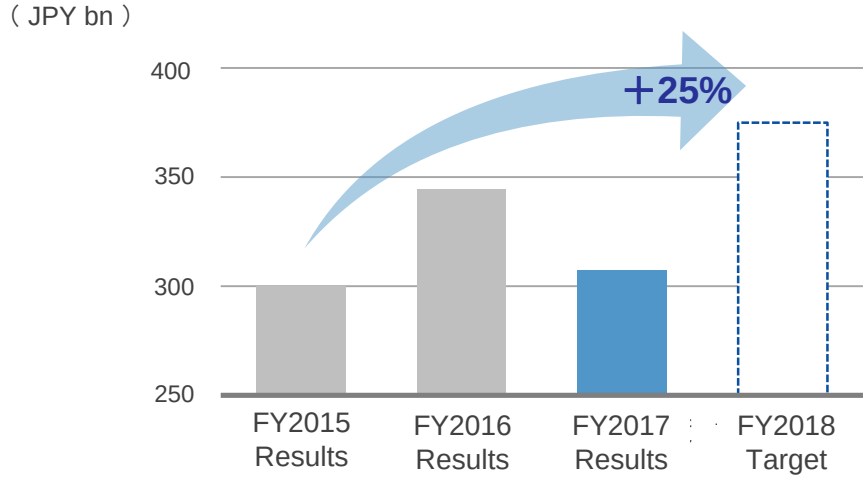


* The management accounting rules were changed in FY2018. The results of FY2016 and FY2017 are based on previous rules. FY2017 result based on current rules is JPY 186 bn

KPI

After headquarter expenses, rounded figure, group aggregate, management account

【Sales & Trading Profits】



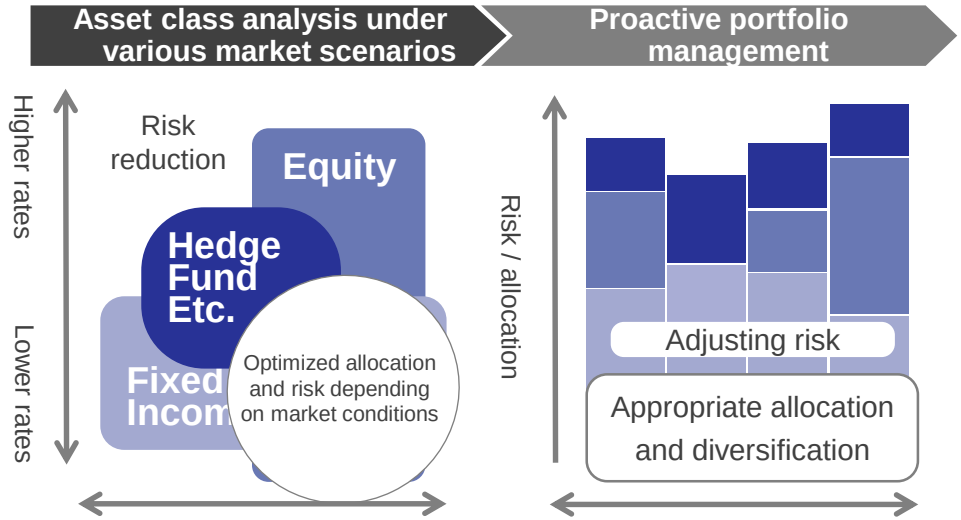
Initiatives in ALM and Investments (1) - Portfolio Management -

Goal Contribute to overall Group Business Stability by Ensuring Profit from ALM and Investments

Mizuho's portfolio management philosophy

Optimizing investments by diversifying the portfolio according to the market environment and adjusting for appropriate levels of risk

Ensuring revenue stability while protecting performance



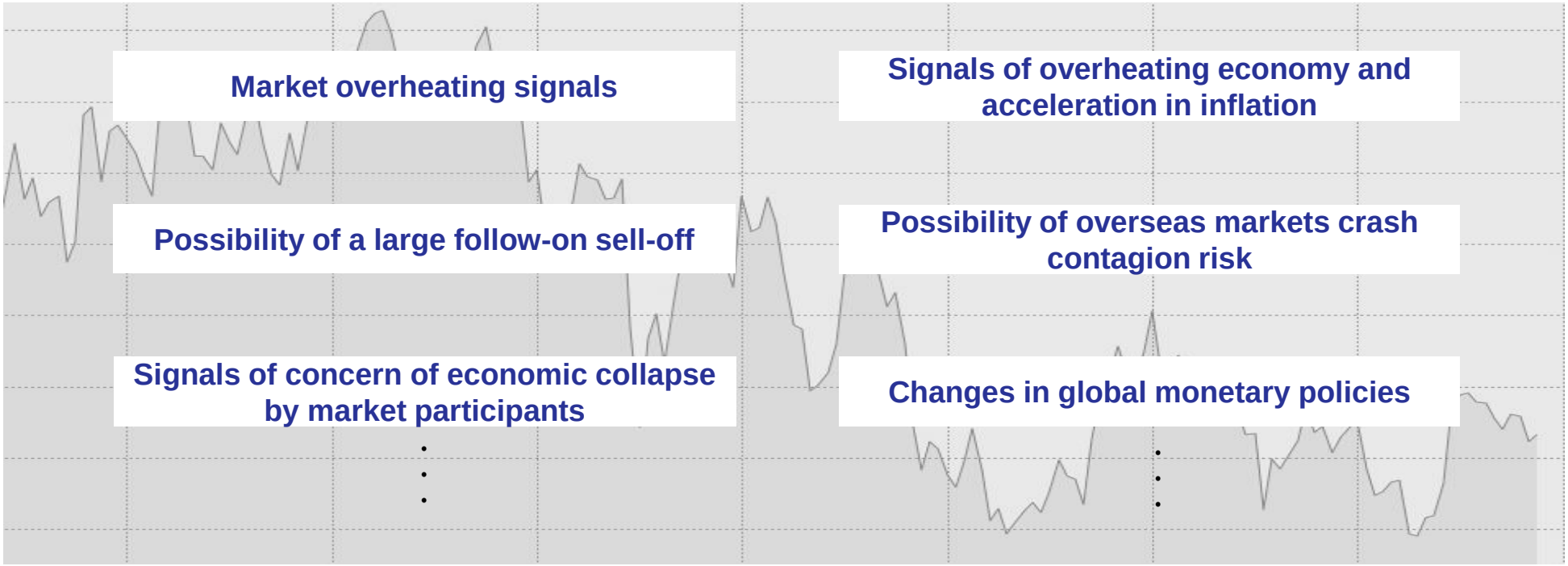
- Changes in market conditions and outlook ?
- Evaluation and review of operations until now ?
- Revenue targets achievability?
- Necessity of changing asset allocation ?
- Soundness of portfolio?
- Appropriate levels of risk appetite ?
- Market fluctuation signals ?
- Necessity to prepare for a risk sell-off in markets?

Revenue / Position	Index related to RAF	Benchmark Comparison
Scenario Simulation	Market conditions / Signals	Operation Reports by each Div.

Initiatives in ALM and Investments (2) - Early Warning Control -

Framework of Early Warning Control of a Market Fluctuation (Image)

Daily monitoring of numerous market indices based on scenarios which have the possibility to lead to a market sell-off



Comprehensive assessment of early warning signals & possibility of a sudden market fluctuation

Initiatives in S&T (1) - Strategy for Revenue Platform Enhancement -

Mizuho's Strengths

Customers (Investors etc.)

Non-Residents | Financial Institutions | Large Caps | Mid/Small Caps | Retail Customers

Cooperation with Customer related Companies

Sales / Trading

FX | Derivatives | Commodities | Fixed Income | Equities

Pursuing integrated management based on "One Responsibility"
(Sales and Books, in BK and SC)

Optimal Sales & Trading business structures for each customer segment / individual customer's needs ✖ **Ability to provide products & solutions based on sophisticated expertise and experience**

Global S&T Platform Build-out

Standardization of Global Derivatives Platform

- Standardization of BK/SC derivatives platform in Americas, Europe, Asia and Japan.
- BK/SC standardized operations are well in progress in Americas, Europe and Asia, and started in Japan from FY2018

Globalization of FX Business

- Focus resources on developing e-commerce platform
- Capturing more deal flow through integrated management of branches in Asia and Emerging regions

Enhancement of Equity Trading Platform

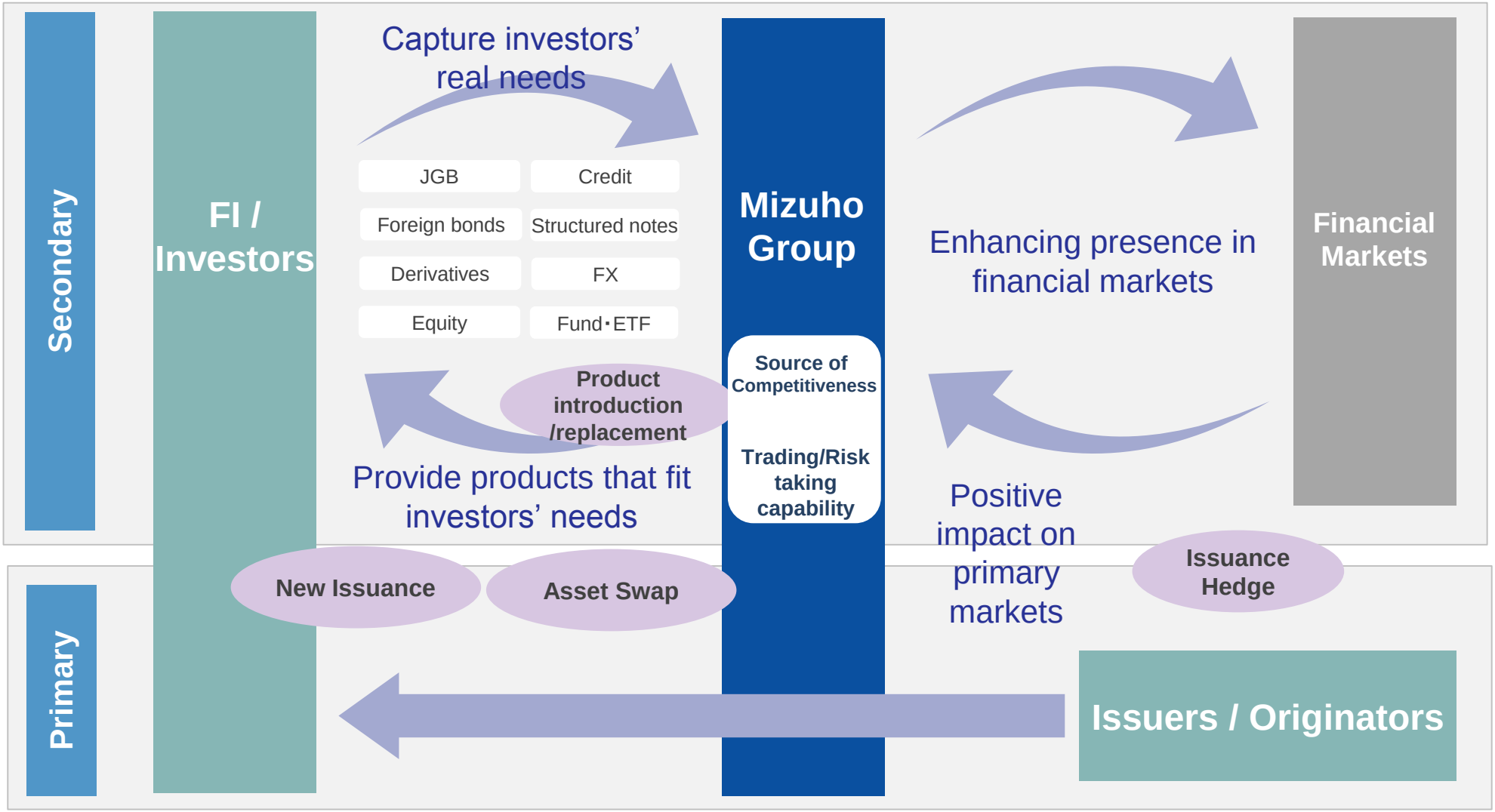
- Enhancement of Algorithmic trading utilizing AI
- Expanding Use of electronic trading platform

Goal

- Gain overwhelming market share in JPY related transactions
- Maintain a certain market share in USD related transactions

Initiatives in S&T (2) - Enhancement of Investor Business -

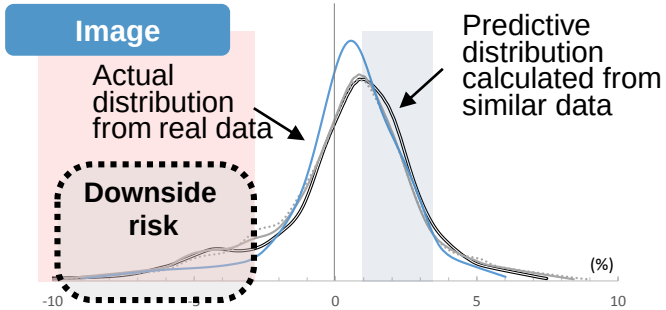
Goal Increase secondary flow in transactions from various investors



Examples of Initiatives in Digital Innovation

Development of Early Warning Control tools for market fluctuations utilizing advanced technologies, AI etc.

- Mizuho Bank and IBM develop new AI technology for financial market forecasting.（as per press release in March 2018）
- Utilizing multiple models and 20 year historical market data, extract data similar to current market conditions. Analyzing market movement of the similar data, forecast market fluctuations and volatility in the future.



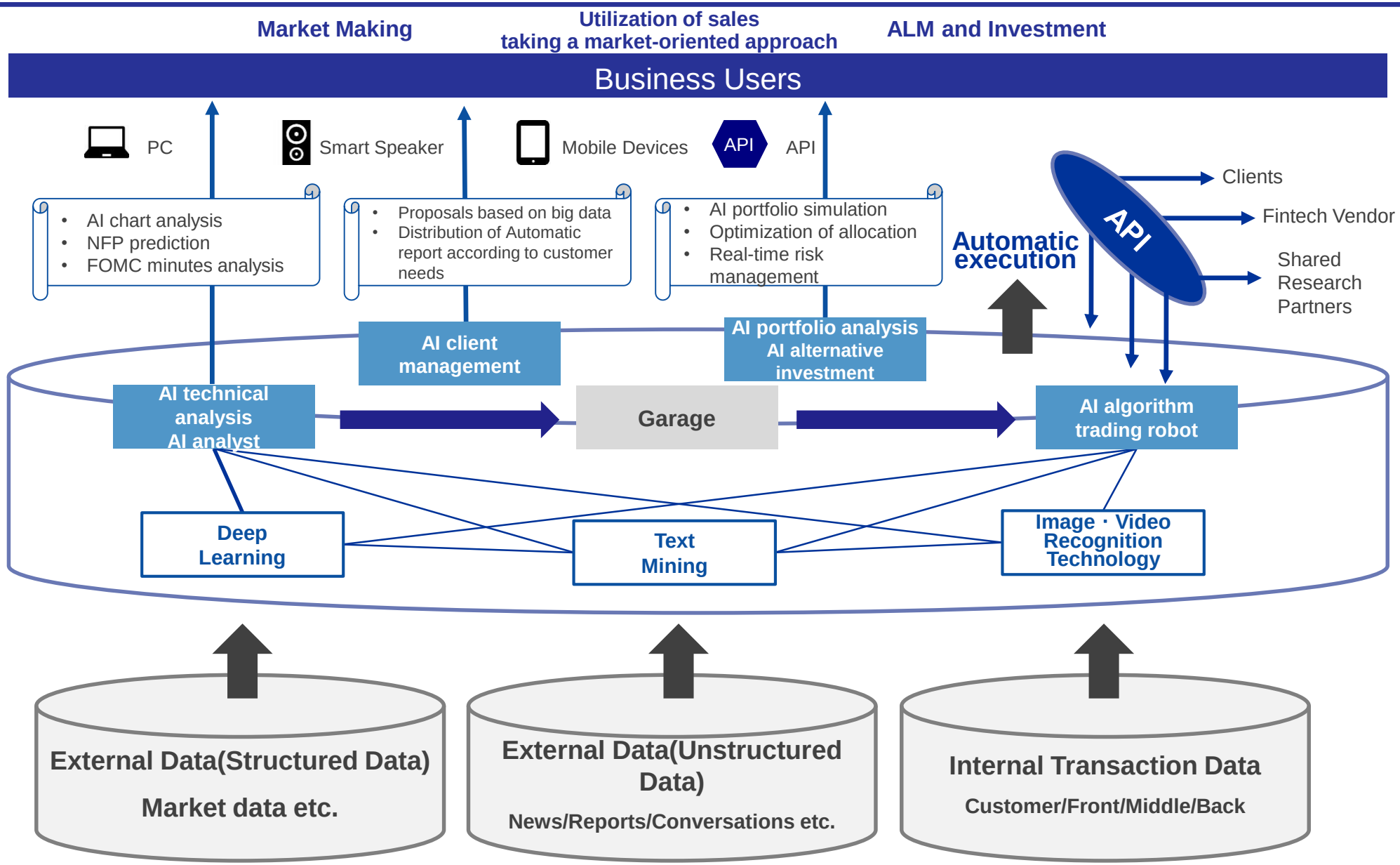
Introduction of algorithm equity trading by Mizuho Securities / Holding Mizuho Trading Conference “Mizuho AI Revolution”

- Mizuho Securities developed an equity price prediction system by deep learning and AI and patented the technology. Mizuho SC has started to provide its equity trading system to customers.
- On November 2017 Mizuho SC held the Mizuho Trading Conference "Mizuho AI Revolution" for institutional investors and discussed future changes due to AI technology.

Joining "IBM Q Network Hub", research laboratory by Keio University and IBM Japan

- Mizuho Financial Group Joined "IBM Q Network Hub" as a founding member, a quantum computer research laboratory established by Keio University and IBM Japan.
- Mizuho FG collaborates in quantum computing with Keio University and IBM Japan and on approaches to providing advanced financial services.

Approach to Next Medium-term Business Plan – Images of the future dealing room -



MIZUHO

Asset Management Company

1. FY2017 Review & the FY2018 Management Policy
2. Structure & Key Strategies
3. Key Strategy 1 : Enhancement of Asset Management Capabilities
4. Key Strategy 2 : Focus on Investment Trust Business
5. Key Strategy 3 : Profitability Improvement of Pension Business
6. Enhancement of Business & Management Base

FY2017 Review & the FY2018 Management Policy

FY2017 Review & FY2018 Management Policy

FY2017 Review

Revenue/AUM	・Achieved planned net business profit [by cost synergy effects] ・AUM: JPY 57 tn（YoY＋4tn）
Investment Trust	・Growth in asset formation products and global equity funds offset AUM outflow from monthly distribution funds
Pension	・Efforts devoted to comprehensive pension consulting ・Number of DC participants: 1.25 million (YoY +0.12mm）

Business Environment

Short term: Uncertain market environment and decreasing demand on traditional active products

Mid-to-long term: 100-year life society and work style reform

Friendly wind to AM business

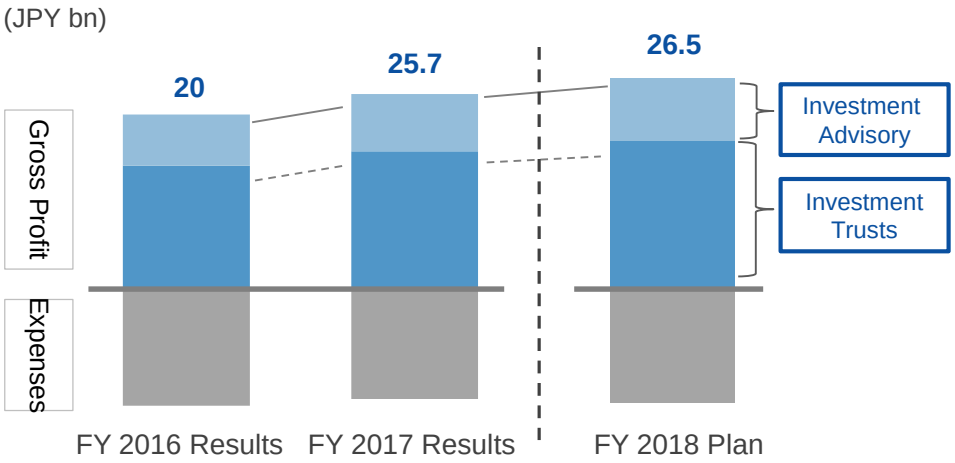
FY2018 Management Policy

Investment Trust	Promoting "Savings to Asset Formation" by providing appropriate products and supporting distributors
Pension	Strengthening consulting approach to pensions' review needs
Base Enhancement	Completing AM-One's PMI (Post Merger Integration)

Annual profit maximization &
Strengthen fundamentals in the first year of Structural Reform

Net Business Profit*

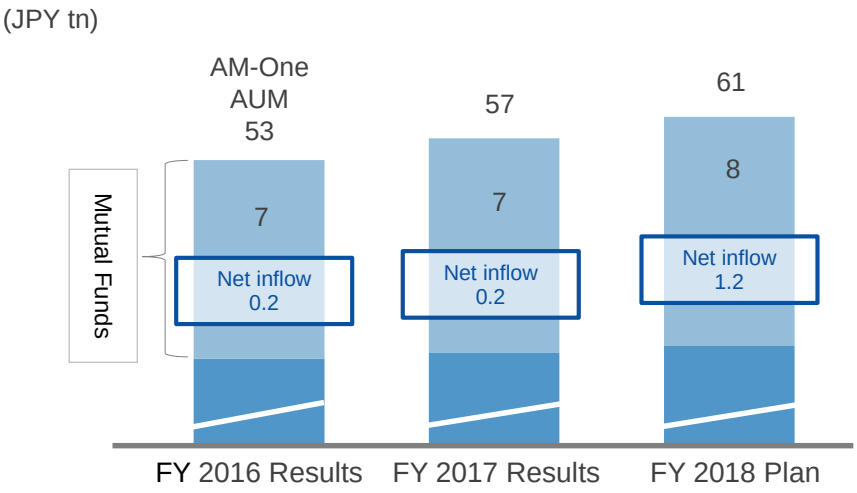
Group aggregate, management account
FY18 Plan is rounded figures
excludes goodwill amortization



* The Management accounting rules were changed from FY2018. The results of FY2016 and 2017 are based on previous rules. FY2017 result based on current rules is JPY 25.5 bn

KPI

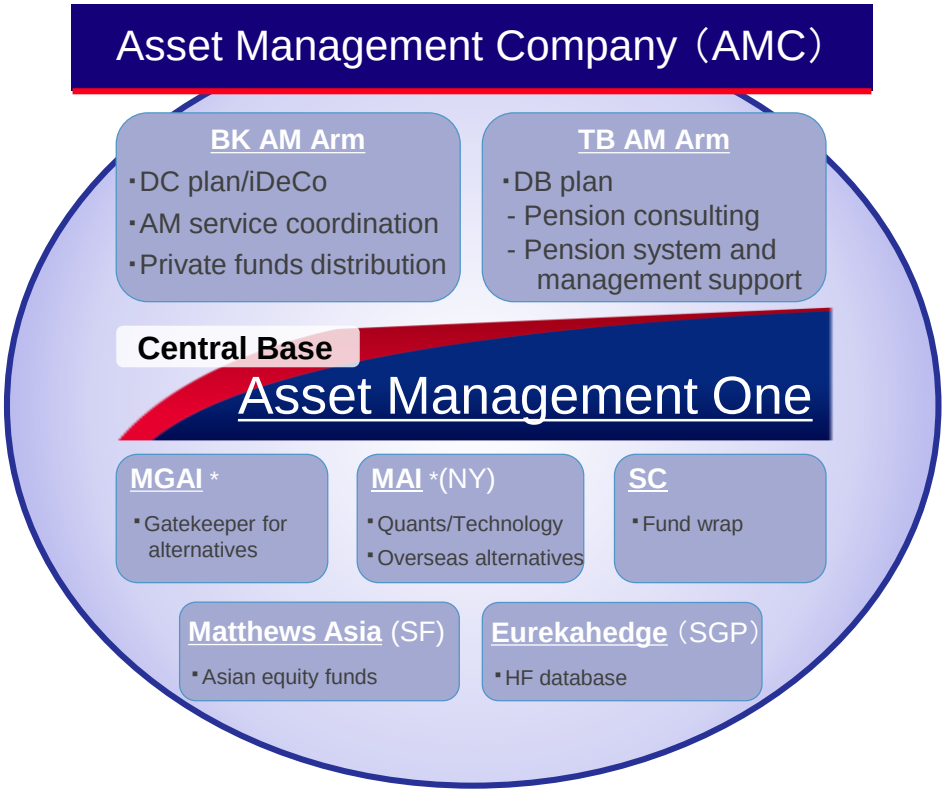
Net Inflow to Mutual Funds



Structure & Key Strategies

AMC Structure

With a central focus on Asset Management One, a structure was established to provide products and solutions accommodating customers' needs



* MGAI : Mizuho Global Alternative Investments
MAI : Mizuho Alternative Investments

Key Strategies

Business Engine — Enhancement of Asset Management Capabilities

- Appealing to Polarized Needs
  - Enhancement of alternative investment
  - Focus on responsible investment
  - Utilization of technology innovations

Growth Driver — Focus on Investment Trust Business

- Establishment of a solid base for investment trust distribution
- Distribution promotion of asset formation products
- BK: Enhanced efforts at appealing to the needs of regional financial institutions

Stable Revenue Base — Profitability Improvement of Pension Business

- Enhancement of consulting capabilities
- Enhancement of efforts at promoting DC/iDeCo

Key Strategy 1 : Enhancement of Asset Management Capabilities

Business Engine | Growth Driver | Stable Revenue Base

Polarized Asset Management Needs

Low Cost
Asset formation needs/Enjoying market price rises
Index tracking/Low cost balanced products

Traditional Asset Management
Traditional active products
（Products to outperform the market）

High Added Value
Solution to difficulties in investments/ Access to various investment opportunities
Absolute return/Alternative products

Focus on Responsible Investment

Low Cost | High Added Value

■ **ESG integration**
- Further utilization of unique ESG scoring and models for investment decisions
- Set-up of ESG funds & ESG ETFs (8 funds/AUM JPY 42.7Bn as of March 2018)

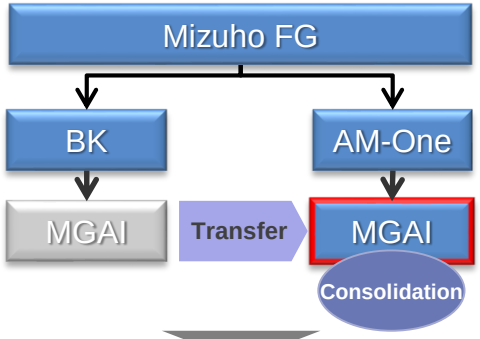
■ **Engagement/Proxy voting**
- Utilization of ESG scoring to select target companies and set up topics for dialogs
- Improvement of engagements through collaboration with Hermes EOS (UK) since May 2017

Corporate value improvement & market enhancement through responsible investments

Enhancement of Alternative Investment

High Added Value

Consolidation of alternative gatekeeping capabilities



Promotion of project finance (PF) loan fund

The first PF loan fund in Japan
・Utilization of loans of Mizuho BK
・Awarded by business magazines

Extending investments to loans of other financial institutions

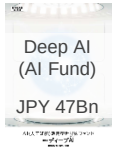
Alternative investments AUM target: JPY 3tn in 10 years

Utilization of Technology Innovations

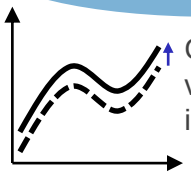
Low Cost | High Added Value

Launch of Financial Innovation Department in AM-One

Process Sophistication & Product Development



Execution Optimization



Generating added value for index investment

Value generation by AI utilization & Cost reduction by streamlining operations

MIZUHO

Key Strategy 2 : Focus on Investment Trust Business

Business Engine | **Growth Driver** | Stable Revenue Base

Establishment of Solid Investment Trust Distribution Base

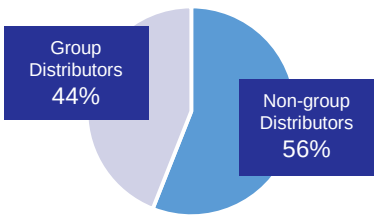
Publicly offered

Strong Customer Base (Group & Non-group Distributors)

Number of Distributors (Banks, Securities, etc.)

250

AM-One AUM shares by distributors



Strong Support to Distributors

Number of employees in AM-One's Investment Trust Sales Department

170

Training Program for Distributors
Seminar One

Exclusive Website for Distributors
One Forum

Video Contents (twice a day)
One Channel

Positive Feedbacks from Distributors

Nikkin Fund Information
AM Company Brand Power Survey
(12th) Banks Sector Overall Ranking
2nd
(Questionnaires to 391 companies with 187 respondents)

R&I Fund Information
AM Company Satisfactory Survey
(11th) Overall Evaluation
2nd
(Questionnaires to 725 companies with 244 respondents)

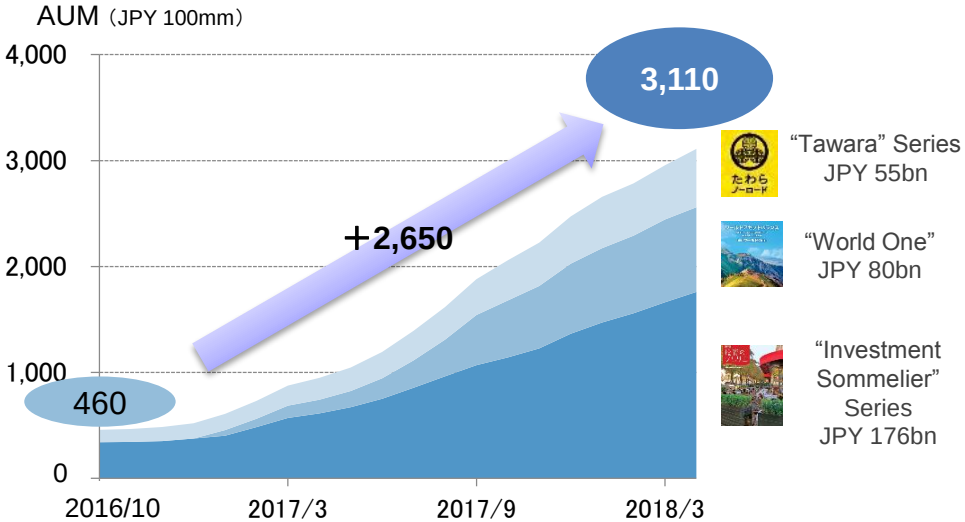
Cumulative number of funds newly adopted by distributors

1,400

(Since the launch of AM-One)

Distribution Promotion of Asset Formation Products

Publicly offered

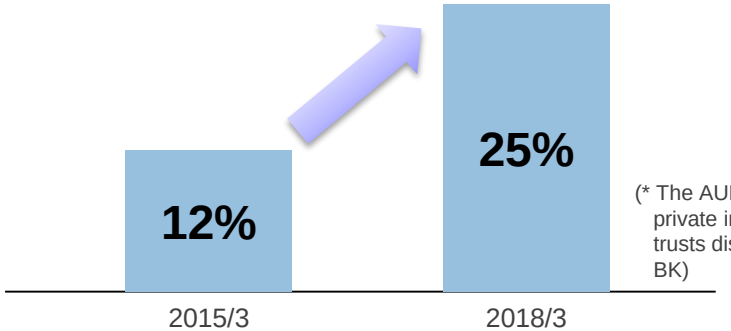


BK: Enhanced Efforts at Appealing to Investment Needs of Regional Financial Institutions

Privately placed

Enhancement of Approaches to Shinkin Banks and Agricultural Cooperative Associations

Total AUM share of Shinkin Banks and Agricultural Cooperative Associations(*)



(* The AUM share of private investment trusts distributed by BK)

MIZUHO

Key Strategy 3 : Profitability Improvement of Pension Business

Business Engine | Growth Driver | Stable Revenue Base

Enhancement of Consulting Capabilities

Trends in Enhancement of DB Governance

DB Act amended in Apr 2018

Governance enhancement in DB plan was made compulsory

- ✓ Establishment of an asset management committee
- ✓ Development of policy asset mix
- ✓ Development of asset management principles

Changes in CG Code/SS Code

CG Code amended in Jun 2018

Contents on asset owner capacity enhancement were added

- ✓ Strategic recruitment and deployment of asset management talents

Corporate Pension Plan Sponsors

Fiduciary Management Service

DB Governance Enhancement Support
(Operations Support to Asset Management Committee etc.)

MIZUHO

Enhancement of DC/iDeCo Promotion

Number of Participants in Mizuho corporate-type DC & iDeCo (as of Mar 2018)

1.25 million

■ Corporate-type DC

SMART FOLIO (DC)

Robo-advisor for DC

Adopted by **59** companies & **166** thousand individuals

(As of Mar 2018)

Example:
210 new employees of company A

Percentage of new employees investing in diversified assets (more than 4 assets)

《2014-2016》 32% → 《2017》 73%

■ iDeCo

Mizuho's iDeCo Plan

＜Features＞

- **Zero Management Fee Plan**
- **Investment Support by SMART FOLIO <DC>**
- **Selected Product Line-up**
  - "Tawara" Series
  - "Investment Sommelier"

⊕

Collaboration with Aeon Bank (since Aug 2017)

Expansion of iDeCo customer base

Expansion of future individual customer base

Enhancement of Business & Management Base

Cost Control

A decreasing expense ratio resulting from AM-One integration effect acceleration and cost synergy maximization

(JPY bn)	FY 2016 Results	YOY	FY 2017 Results	YOY	FY 2018 Plan	YOY
Expenses	29.3	−2.1	27.6	−1.3	28.5	+0.9
Expense ratio	60%	−3%	55%	−5%	53%	−2%

Final Completion of AM-One PMI

Business/IT system integration

- Standardization of coexisting business processes
- Integration of IT systems in front office and back office

Strengthening investment teams

- Team restructuring in investment division (40 teams ⇒ 26 teams)
- Introduction of investment specialist employment system (Jul 2017)

Fund consolidation and redemption

- Consolidation and redemption of unprofitable or inefficient funds (early redemption & mother fund consolidation)

FY2016	FY2017	FY2018 (plan)	Total
26 funds →	73 funds →	23 funds	122 funds

High profitability achieved by the effect of high efficiency and productivity

Establishing business base as the fourth pillar of Mizuho

Independent Outside Director

Tetsuo Seki

Member of the Audit Committee (Chairman)

Agenda

1. Retracement of Challenges in the past years
   - One Mizuho Strategy
   - Reformation of corporate governance. Impact made by the reformation
   - Adopting the In-house Company System
   - Announcement of the Fundamental Structural Reform
   - Implementation of the Next-generation IT System
2. Nominating Committee & Compensation Committee
   - New CEO Nomination “Succession Plan”
   - Change in Compensation System for Executives
3. Audit Committee & its Priorities
   - Mission of Audit Committee
   - Priorities
     I. Audit of in-house Company (effectiveness of the structure)
     II. Allocation of corporate resources and improvement of productivity (fundamental structural reform)
     III. Risk Management and Compliance (collaboration with business policy committees)
4. Challenges for New Management team