Message from the Group CEO

Supporting the innovations of a full range of stakeholders and co-creating new value as we carry forward our Purpose and our high aspirations as a financial institution

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In fiscal 2025, we have achieved net profit after tax of ¥1.2 trillion, surpassing the ¥1 trillion mark for the first time, and ROE was above 10%, the target we had set as one of our milestones. We were able to reach these numbers because we made progress in our domains of focus in a variety of ways, progress that arose not only from the dedication of our employees and the encouragement of our clients but also from the invaluable support and advice we received from all of our shareholders. I would like to express my sincere gratitude to everyone. Also in fiscal 2025, we initiated a series of upgrades to our core banking system MINORI, the first of which, in October, went through without any issues, demonstrating the effectiveness of the stringent preparations and testing we have put in place since the IT system failures of 2021 and 2022. We will implement additional upgrades throughout fiscal 2026 with the same high level of diligence.

The world has reached a significant turning point, a truly seismic upheaval. Geopolitical risks are on the rise, bringing both crisis and opportunity in tandem. Every nation will have to overcome crises and capture opportunities to bolster its resilience and influence. The keywords here will be so-called self-dependency and indispensability. Japan is one example. The escalating tensions in the Middle East have exposed the fragility of supply chains that rely on the Strait of Hormuz to transport commodities, most prominently oil, and Japan will need to consider from a long-term perspective how to stably secure resources essential to industry and daily living; in other words, how to become more self-dependent. While locating alternative sources for materials, it will need to ramp up its development of carbon-free energy such as hydrogen and its shift to a circular economy. The other aspect of this will be indispensability, to other countries and on the international stage. Japan's manufacturing industry may have lost some of its prestige in recent decades, but it is still just as adept at coordinating multiple processes to optimize quality and product development. Semiconductors are one field in which Japan's proficiency at this is well-known. The supply chain for semiconductors encompasses a continuous series of processes running from design to the final product, and within that series of processes Japan has established itself as irreplaceable in the fields of semiconductor manufacturing equipment, materials and components, and material handling. Automobiles and robotics are also fields in which Japanese industry excels. That said, global competition is intensifying, in these and other fields. Holding on to indispensability will require proactive research and development, use of AI, and collaboration with startups. It is important to recognize that self-dependency and indispensability are in a mutually interdependent relationship, which means that no country can stand entirely alone. The current era of decoupling notwithstanding, countries will have to work with one another to shore up their individual capabilities.

Amidst such complex times, Mizuho is supporting a full range of stakeholders innovating towards self-dependency and indispensability, in line with our high aspirations as a financial institution. This is nothing other than our true mission, described in our corporate Purpose of "Proactively innovate together with our clients for a prosperous and sustainable future" and intrinsic to the organizational DNA passed down to us by our founders, early industrialists and entrepreneurs such as Eiichi Shibusawa who were instrumental to Japan's modernization.

From here, I will go into some further detail about our aspirations and the "4+α" ("four plus alpha") strategy by which we are pursuing them. You may remember that in last year's report I outlined five business focus areas. The "4" in "4+α" refers to four of those, which we are distinguishing by calling them domains. The "α" ("alpha") in "4+α" is about interconnecting the four domains and the functions within them to generate new added value and comprises the centerpiece of our approach to our aspirations. It will also be the channel through which we continue our positive contributions to sustainability. My other topics for this message, following on from last year, will be our group-wide challenges, our corporate culture transformation, and our becoming a more global financial institution.

1 Our high aspirations and "4+α" strategy

What are Mizuho's aspirations? Broadly speaking, I would say we have four.

(i) Restoring the competitiveness of Japanese industry

The first is to put forth a winning formula for Japanese industry and decisively support Japanese companies' growth so that Japanese industry can recover its competitiveness. This entails reinforcing the indispensability of Japanese industry, and we are interconnecting multifaceted functions from across our group to that end. Again, the Japanese manufacturing industry's strengths are in its coordination between suppliers, many of whom are middle-market firms or small- and medium-sized enterprises (SMEs). Looming over the industry are the significant business survival challenges its suppliers and other members are facing due to Japan's aging population. By assisting the owners of middle-market firms and SMEs with passing their businesses on to successors, we are playing a role in ensuring these businesses can continue to make their technologies available. In addition, we will interconnect these smaller businesses with larger corporate partners and connect outlying regions with the Tokyo metropolitan region as part of building more robust supply chains for the country.

Another one of our initiatives is to cultivate startups and new industries. Our involvement in the space industry falls under this. The industry has had a number of promising startups launching, and it is well positioned to take advantage of supply chains already established by existing industries. Interconnecting startups with Japan's large corporations, middle-market firms, and SMEs is one way we are helping such new industries to grow.

(ii) Facilitating international collaboration

As I wrote earlier, despite every country needing to become more self-dependent and indispensable going forward, no country can do it all alone. Semiconductors epitomize this quandary. One of the consequences of the explosive growth of AI has been a headline-making shortage of semiconductors in non-AI fields. The semiconductor supply chain operates on a global scale, so any country looking to buttress its self-dependency by establishing a domestic manufacturing base will still have to work with multiple suppliers from overseas. This is where several of our strengths at Mizuho become relevant: our solid relationships with companies in Japan, our worldwide network, and our investment banking functions in the Americas. Interconnecting the strengths of our Japan-based corporate banking business and global Corporate & Investment Banking business, we are facilitating international collaboration alongside greater self-dependency and indispensability for each country.

(iii) Promoting sustainability

I anticipate that the momentum towards national self-dependency will bring sustainability once again into the spotlight. In Japan's case, the country is heavily dependent on external partners for resources such as oil and energy and is also struggling with labor shortages and aging infrastructure. It can address the former by developing hydrogen and other renewable energy, new materials that do not depend on oil, and a circular economy and the latter by developing new infrastructure through coordination between local governments and capturing of private sector investment. Crucial to these efforts will be collaboration with companies outside Japan and startups. Here as well, we are interconnecting the functions of our Japan-based corporate banking business and our global CIB business to positively contribute to sustainable growth.

(iv) Personal well-being for retail customers

What do our retail customers in Japan want from finance? They want a high level of convenience that fits into their daily lives, banking apps with superior user interfaces and user experiences, and simple and easy-to-navigate platforms to manage their assets. For customers who have viewed interacting with banks as something of a hassle, we are breaking down barriers on these fronts. Outside of digital, we are leveraging our existing strengths in in-person consulting. Japan has recently returned to inflation after years of stable prices, which has pushed customers to try to grow their assets in the interest of maintaining their standard of living, in turn creating greater consulting demand. Business owners, too, have concerns about growing their businesses and personal assets and passing those on to the next generation, so-called business and asset succession. We are approaching these customers with a spirit of *omotenashi*, a Japanese word that is popular in Japan's hospitality industry and means sincere consideration for the customer's unspoken needs. We convey this spirit as we make sure they have the comprehensive information they need to overcome their life challenges, and because of our support they can look forward to the future with emotional and economic security. That is, in my view, what our fourth aspiration is all about. To realize it, we will interconnect highly convenient financial services, wealth management, and Mizuho Trust & Banking's inheritance and succession functions.

I have two more key points. The first is that it is only when we realize our aspirations that they become meaningful. With that in mind, all of us at Mizuho will take ownership of these aspirations and work towards them in concert. The second is that, at the moment, the four aspirations are simply rough representations of my own thinking. We will be doing more to flesh them out with an eye towards the business environment, our clients' and society's changing needs, and our own growth. I am encouraging our employees to continue examining day to day what our aspirations can be and to draw on their innovations, learnings from past failures, gratitude, and self-reflections in doing so.

2 Our four strategic domains

Those were the specifics of our aspirations and the interconnections within our "4+α" strategy. For Mizuho to produce added value from the interconnections, we must also have unquestionable strengths in the four domains. In that regard, we have experienced both progress and challenges.

Improving customer experience (mass-market retail business in Japan)

Our fundamental role as a financial institution is to channel capital and manage risk. We hold deposits for our retail customers in Japan on the one hand, and we serve clients in need of capital worldwide on the other. Accordingly, the deposit base is a vital source of funds to support growth for clients and society at large. In fiscal 2025, we had 500,000 new deposit account openings, up 26% year-on-year, and we overshot our target for Mizuho Rakuten Card issuances by 30%. These are promising results for building out a base of so-called "sticky" deposits that customers are unlikely to take to other financial institutions. Even so, the deposit balance is not going up at the rate we would like, posing a persistent challenge. Aided by the leadership of our new Co-Head of the Retail & Business Banking Company, Naoshi Inomata, we are making our initiatives to increase the deposit balance more visible and implementing them with all possible speed. Further, in fiscal 2025 we acquired shares in Upsider, a startup well regarded for its AI credit model and corporate credit cards in Japan. Interconnecting their respective functions, Upsider and Mizuho Bank are rolling out new services to middle-market firms and SMEs to attract additional deposits.

Dramatically expanding personal wealth in Japan (asset and wealth management in Japan)

We have boosted both assets under management and revenue by, among other means, reviewing our customer segments, raising the quality of our consulting, strengthening sales of our fund wraps, and selling a private credit fund managed by US-based private credit manager Golub Capital to high-net-worth clients. However, we still cannot claim to stand shoulder-to-shoulder with other securities firms and other Japanese megabanks in this domain. Asset Management One's wrap-style investment trusts and Mizuho Securities' fund wraps will be a base for us to make better proposals to clients on their investment portfolios. We will also continue collaborating more with Rakuten Securities, which is backed by Rakuten's vast ecosystem of e-commerce and other services in Japan.

Competition in the asset management business is fierce and escalating, so it will be imperative to give Asset Management One's unique offerings a higher profile. We balance investment capabilities centered on asset classes in Japan with a discernment that allows us to select the best funds for investment outside Japan, and we will be honing these even further.

Enhancing the competitiveness of Japanese companies (Supporting the growth of Japanese companies)

We have been deeply involved in the growth strategies of our large corporate clients, facilitating many corporate actions. This has been a space for us to combine our longstanding strengths in industry research; our financial and capital strategy design, including Mizuho Trust & Banking's advising on strategies for engagement with shareholders; and Mizuho Securities' investment banking functions. Global CIB collaboration has been evolving as well, enabling us to attain a higher position in cross-border M&A and foreign bond issuances by Japanese companies.

Our enhanced growth support for middle-market firms and SMEs has been successful, producing a substantial increase in our M&A business during fiscal 2025. We have also had solid outcomes in business succession. For startups, we are moving ahead on providing risk capital, notably arranging a syndicated loan in the deep tech field, with some of Japan's local community financial institutions joining as lenders. Demand for capital is expected to grow significantly, and we will continue to build on our strengths in integrated banking, trust banking, and securities to provide high added value solutions for our clients' diversifying finance needs.

Global Corporate & Investment Banking business

We have fully integrated Greenhill, the US-based M&A advisory firm we acquired, and have been achieving the intended synergies in terms of arranging more M&A-linked financing, assisting in more US-Japan cross-border M&As, and similar. In December 2025, we agreed to acquire, subject to regulatory approvals, a stake of over 60% in Avendus Capital, an Indian investment bank. This will complete our M&A platform connecting the four strategic pillars of the Americas, EMEA, APAC, and Japan. I am very excited about what we will be doing with that. In EMEA, having launched our universal bank and implemented structural reforms, we have come to a stage of broadening our business through a focused strategy. On the products side, in 2025 the head of our fixed income, currencies, and commodities division in the Americas, Thomas Hartnett, took on a dual role managing both the Americas and EMEA, which has resulted in greater collaboration between the two regions. In APAC, we are engaging in even more transaction banking, such as foreign exchange transactions with non-Japanese clients, extending our existing presence in this area. Collaboration between regions, including Japan, will be one of our growth drivers going forward. Currently, we are number 15 in the global investment banking league table, and we aim to enter the top 10 in the medium term.

3 Group-wide challenges

Cost restructuring

Higher personnel, IT system, and general and administrative expenses have been the main factors in the increase of our cost base. Behind these higher costs are inflation, our own human capital investment, and our IT system investment in fields where we had previously been refraining from investment. Although we understand some costs to be unavoidable, we are directing considerable attention to striking the right balance between costs and returns and ceaselessly cutting costs wherever we can. As such, we have been reviewing and eliminating products and services and either bringing back in-house or eliminating work we had been outsourcing to third parties. Through ongoing efforts in this vein, we aim to reduce base expenses by ¥150 billion over the next three years.

Balance sheet control

Amid heightened geopolitical tensions in the Middle East, clients are increasingly prioritizing liquidity, while accelerating corporate actions to transform their business models. In this context, we expect fundraising activity to continue expanding. Now is an opportunity for Mizuho, with our strengths in industry finance, to make an outsize difference. That said, to meet clients' needs, we will have to adequately control credit risk, market risk, and liquidity risk. By staying vigilant to risk and return in our portfolio management, reducing idle assets, avoiding overreliance on our securities portfolio, securing suitable liquidity, and otherwise showing suitable caution where needed, we will manage such risk and uphold the resilience of our balance sheet.

Use of AI

We have two focuses when it comes to use of AI and data: creating new customer experiences and improving productivity. In fiscal 2025, we pushed out more tools for employees to make better use of AI and improve the productivity of different processes. Along with this, consistent with our ethos of providing clients with only the best information and proposals aligned with their needs, we elevated our capabilities across our channels, such as by adding to our digital marketing infrastructure.

The staggering advancements of AI are unlocking possibilities for radically transforming processes and customer experiences. With our Group Chief Digital Transformation Officer advising, we have identified five priority domains where we could use AI to boldly transform our business itself, and we are now moving forward with initial adoption. We must become an AI-driven company in order to remain competitive, and digital transformation leaders in each business line will accelerate our initiatives.

On improving the productivity of processes, our first priority is to redesign processes end to end in order to make them adaptable to AI. In April 2026, we formalized this as one of the responsibilities of our Operations Group. The group will look into every aspect of our processes and redesign them in partnership with relevant divisions to allow us to adopt AI more widely.

Aligning strategies with resource allocation

The key to maximizing growth potential against ever tougher competition will be finding the best allocation of corporate resources for our group as a whole. That is why we positioned our custody business outside Japan as a non-core business and sold it off. Turning to our core businesses, we have begun reassigning personnel in our middle-market firm and SME-facing business to concentrate on the more profitable areas.

From fiscal 2026, a new resource allocation committee led by our Group Chief Strategy Officer, Group Chief Financial Officer, and Group Chief Human Resources Officer will be optimizing the allocation of our talent portfolio, expenses, and investment from a holistic perspective. The rapid adoption of AI has made us keenly aware of the need to develop a talent portfolio for the medium term that balances quality and quantity. In some areas we will be able to use AI as a replacement, but in others we cannot do without the empathy and insight that only human beings can deliver. How do we find the best combination of naturally letting our workforce reduce in size and continuing to hire new employees? What are the fields where we can draw out new demand by reskilling our employees? What qualifications should our employees have in this new AI era?

There are a number of intricately intertwined factors to consider and a number of employees who may be affected, and we will be searching for the right answers to these questions.

Fortifying our corporate foundations in highly critical domains

Cybersecurity is one domain that leaves little room for error. The gradual digitalization of financial services, manifestation of geopolitical risks in the cyber sphere, and evolution of generative AI mean that cybersecurity is imperative in order to maintain the trust of our clients and the stability of our financial functions. We are closely tracking changes in the cybersecurity environment worldwide and staying agile in our response measures to ensure a secure and reliable foundation for the financial services we provide.

Financial crime is another domain where we cannot compromise if we are to protect our corporate foundations. As money laundering and other schemes become more sophisticated and complex, we are further enhancing our checking, monitoring, and management frameworks to preserve the health of the financial system and the trust of our client base.

4 Corporate culture transformation and becoming a more global financial institution

Corporate culture transformation

In last year's message, I wrote about the relationship between a sound corporate culture and strategies that allow employees to experience success. These are central to creating a virtuous cycle of employee innovation and corporate growth. My management philosophy in this regard is still the same. Also, because I do not think corporate culture transformation has any set endpoint, we are continuing to implement our initiatives to eliminate status quo bias and to encourage new innovations. Recently, we have been improving productivity by promoting delegation of authority and eliminating inefficiencies. In addition, in October of this year, we will implement some refinements to CANADE, the new HR framework we launched in Japan back in 2024, to support employees in innovating for greater added value.

Becoming a more global financial institution

Also in last year's message, I stated that we would transform from a Japanese institution with a global footprint to a global institution that embraces its Japanese heritage and bridges diverse cultures. Since taking up his current position last fiscal year, Deputy President Suneel Bakhshi has been devoting himself to making this happen, uncovering talent from outside Japan and revamping our global mobility program. This fiscal year, John Buchanan from the US has become a senior managing executive officer of Mizuho Financial Group and the Deputy Head of our Global Corporate & Investment Banking Company, and Thomas Hartnett, also from the US, has become a managing executive officer of Mizuho Securities. Other employees from regions outside Japan have been joining various levels of management at Mizuho Financial Group as well. These changes represent small but steady steps towards becoming more global in our organization.

Mizuho will continue to be a responsible and transparent financial institution for both our clients and employees. Our mission is to co-create with diverse stakeholders, embody our corporate Purpose, and deliver our aspirations to the rest of the world, and we are committed as a unified group to supporting the innovations of industry, companies, and individuals through the power of finance. We would like to express our sincere appreciation for the continued understanding and unwavering support of our shareholders, investors, and all stakeholders.

M. Kihara

Masahiro Kihara

Company town hall meeting outside Japan