Mizuho Financial Group Inc

Entering the next leg of growth

3 August 2026

Company Overview

Mizuho Financial Group is one of Japan's big three financial groups. Group companies include Mizuho Bank, Mizuho Trust and Banking, Mizuho Securities, Asset Management One, Mizuho Leasing Company amongst others.

Investment Overview

Raised medium-term financial targets reflect confidence in further earnings growth. Having achieved its previous FY27 ROE target of over 10% two years ahead of schedule, Mizuho raised its medium-term ambition to stably achieve ROE above 12% by FY28F, alongside consolidated net business profits of JPY1.8–2.0tn, versus the previous FY27F target of JPY1.4–1.6tn. Management expects earnings expansion to be driven by continued progress across its focus businesses, including domestic retail wealth management, solutions and investment-banking services for Japanese corporates, global corporate and investment banking, and asset management.

Record earnings guidance underpinned by stronger business performance and higher rates. Mizuho reported FY25 net profit of JPY1,248.6bn, above JPY885.4bn in FY24, while its trailing 12M ROE increased to 12.5% from 8.5%. Following the strong 1QFY26 performance and incorporating an additional BOJ policy-rate hike, management raised its FY26F net profit guidance to a new record JPY1.4tn from JPY1.3tn and consolidated net business profit guidance to JPY1.75tn from JPY1.63tn.

Accelerated share buybacks, improving shareholder returns should remain supportive of valuation. Management approved an additional share buyback of up to JPY100bn, taking the maximum cumulative FY26 buyback amount to JPY200bn, with all shares acquired to be cancelled. The FY26 annual dividend guidance was maintained at JPY150/share, a JPY5 y/y increase from FY25. Together with sustained earnings growth ROE, the increased buyback programme should support capital efficiency and provide a positive catalyst for Mizuho's ongoing P/BV re-rating.

Maintain BUY with a higher TP of JPY9,600. We believe that Mizuho's share price and valuations will play catch up to peers as it has previously been penalised for lower ROEs and absence of share buybacks. We maintain BUY with a higher TP of JPY9,600, implying 1.9x FY26F P/BV, more than c. 3 S.D. above its 10-year historical average, on the back of positive momentum from favorable interest rate environment and ongoing commitment to return capital via share buybacks.

Risks

Downside risks include decline domestic interest rates, changes in expectations for BOJ to normalise monetary policy, worsening asset quality in Japan, a stronger yen, slower-than-expected growth in shareholder payouts, and weak capital market activities in US.

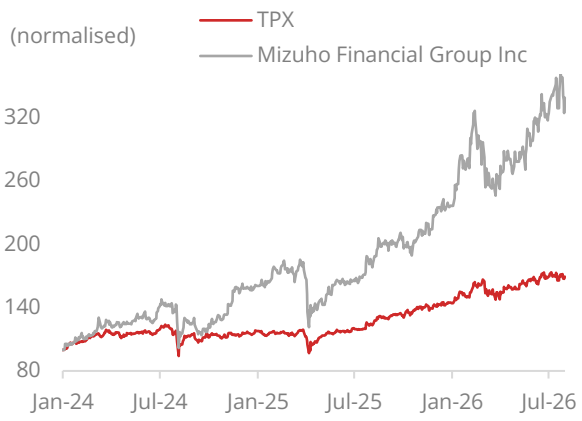
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Key Financial Data

Bloomberg Ticker	8411 JP
Sector	Financials
Share Price (JPY)	8,167
DBS Rating	BUY
12-mth Target Price (JPY)	7,600
Market Cap (USDb)	125.2
Volume (m shares)	14.0
Free float (%)	93.0
Dividend yield (%)	1.8
Net Debt to Equity (%)	-58.8
Fwd. P/E (x)	14.0
P/Book (x)	1.7
ROE (%)	12.5

Closing Price as of 31 Jul 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

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Financial Summary (JPYmn)

FY Jun	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
Net Interest Income	887,612	1,045,256	1,377,089	1,734,167	2,067,629
% y/y	*(7.6)*	*17.8*	*31.7*	*25.9*	*19.4*
Non-Interest Income	1,815,692	1,875,145	2,100,209	2,294,158	2,460,355
% y/y	*37.8*	*3.3*	*12.0*	*9.2*	*7.2*
Operating Income	933,003	1,028,096	1,240,769	1,682,164	2,005,231
Pre-provision Profit	1,061,385	1,241,687	1,755,358	2,057,841	2,339,100
Pre-tax Profit	955,035	1,190,084	1,622,285	1,951,577	2,238,164
Net Profit	678,993	885,433	1,248,632	1,400,005	1,611,090
% y/y	*22.2*	*30.4*	*41.0*	*12.1*	*15.0*
Net Interest Margin	0.7	0.8	1.0	0.00	0.00
ROAE	7.8	9.7	12.9	13.7	14.7
ROA	0.3	0.3	0.4	0.5	0.5

Source: Company, DBS

Valuation Metrics

FY Jun	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
P/E (x)	nm	nm	nm	nm	nm
P/B (x)	2.0	2.0	1.8	1.7	1.6
Dividend Yield (%)	1.3	1.7	1.8	1.9	2.0
Dividend Per Share (DPS)	105.0	140.0	145.0	151.7	160.7

Source: Company, DBS

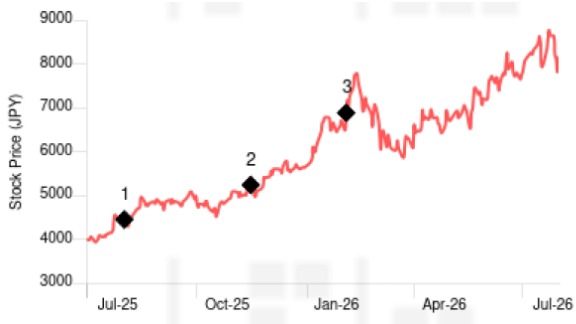
Financial Stability Measures

FY Jun	FY2024(A)	FY2025(A)	FY2026(A)	FY2027(F)	FY2028(F)
Loan-to-Deposit Ratio (%)	53.7	53.9	55.7	57.3	58.8
Net Loans / Total Assets (%)	33.3	33.2	33.0	33.8	34.8
Investment / Total Assets (%)	29.4	28.0	28.4	30.2	30.4
Cust . Dep./Int. Bear. Liab. (%)	78.7	78.5	78.8	92.2	92.5
NPL / Total Gross Loans (%)	1.4	1.1	0.9	0.00	0.00
NPL / Total Assets (%)	0.5	0.4	0.3	0.00	0.00
Loan Loss Reserve Coverage (%)	62.7	74.2	71.4	nm	nm
Provision Charge-Off Rate (%)	0.1	0.1	0.1	0.1	0.1
Total CAR (%)	16.9	17.8	17.6	0.00	0.00
Tier-1 CAR (%)	12.7	13.2	13.2	13.4	13.9

Source: Company, DBS

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Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1	01 Aug'25	4,482	5,100	BUY
2	15 Nov'25	5,300	6,100	BUY
3	03 Feb'26	6,560	7,600	BUY

Source: DBS

Analysts: Rui Wen LIM
Jia Hui NG

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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