

March 23, 2023  
Mizuho Financial Group, Inc.  
Mizuho Bank, Ltd.

### **Mizuho Bank Invests in Indonesia's Digital Finance Company Kredivo**

Mizuho Bank, Ltd. (President & CEO: Masahiko Kato), a subsidiary of Mizuho Financial Group, Inc. (President & Group CEO: Masahiro Kihara), has invested USD 125 million (approximately JPY 17 billion) in Kredivo Holdings Ltd (CEO: Akshay Garg; hereinafter "Kredivo"), a provider of digital financial services under the Kredivo brand, mainly operating in the Republic of Indonesia.

#### **Purpose and strategic significance of this investment**

Although Asia is projected to see economic growth accompanying population growth, the financial infrastructure of the region is still nascent, and financial inclusion has become a social issue. Under our basic strategy of "Accelerating initiatives for digitalization and actively collaborating with external parties," Mizuho is continually exploring strategic investments in the region to contribute to financial inclusion through digital technology-focused financial services and to expand our business portfolio in Asia. Following prior investments in M-Service in Vietnam and Tonik Digital Bank in the Philippines, we have been considering further strategic investments in other digital financial providers in Asia.

While Indonesia is expected to have high economic growth in the future with the largest population and economic scale in ASEAN, the unbanked and underbanked population is still large, and, as a result, the credit card penetration rate is very low. Under these circumstances, digital financial services are growing rapidly, fueled by digitalization penetration such as smartphones and online purchases.

Kredivo, one of the top providers of Buy Now Pay Later (hereinafter "BNPL") which is linked to post-payment services through online purchases such as e-commerce in Indonesia, has been offering financial services to underserved people since 2016, and has established a representative position as a key digital financial services provider in Indonesia. In addition, Kredivo is continuously promoting financial inclusion in Indonesia by expanding the use of BNPL, including offline stores, as well as by developing digital banking services through its rebranded subsidiary bank, "Krom" (formerly known as Bank Bisnis Internasional, IDX: BBSI).

Mizuho will provide its experience and expertise to assist in the strengthening and development of Kredivo's financial service business. Together with our existing partners in the region, we are committed to further advancing financial inclusion and the retail finance industry in ASEAN.

**About Kredivo**

Company name: Kredivo Holdings Ltd.

Head office: Cayman Islands

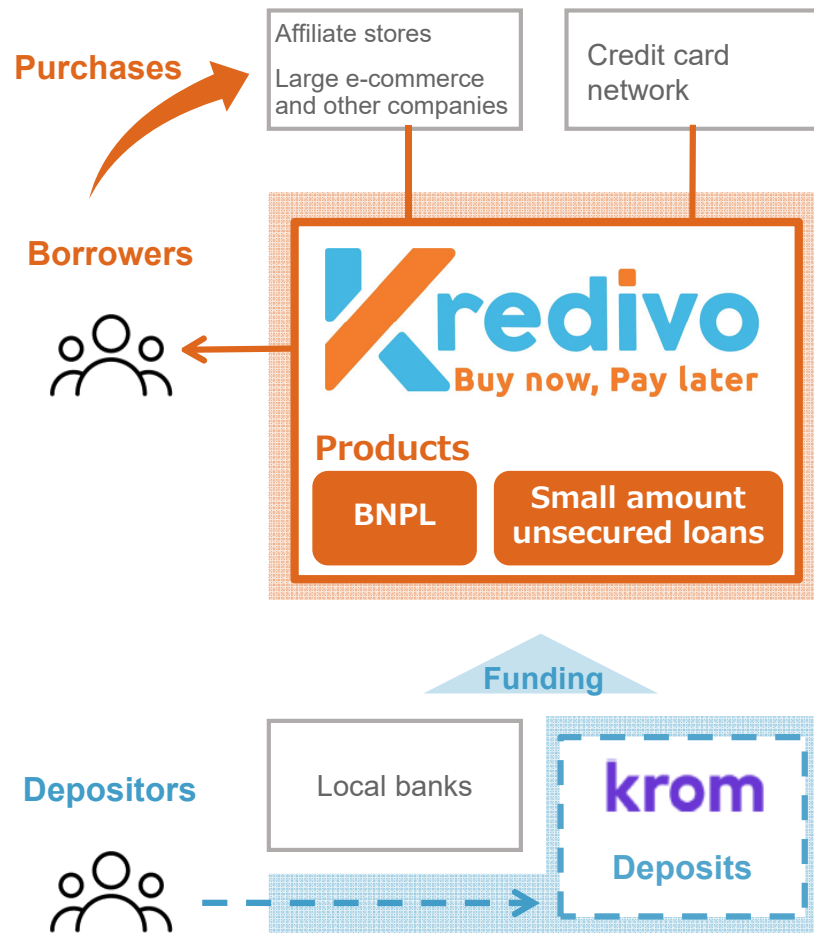
Representative: Mr. Akshay Garg (Chief Executive Officer)

Established: 2022 (started business in Indonesia in 2016)

Business: Management of companies that operate digital financial services businesses, including BNPL

# Investment in Kredivo Holdings Ltd

- Investment in Kredivo Holdings, one of the largest players in Indonesia’s digital finance
- Capturing emerging Asia’s economic growth through digital finance



Company name	Kredivo Holdings Ltd. (Incorporated in Cayman Islands)
Business	BNPL, unsecured cash loans
Investment amount	USD 125 million (approx. JPY 17 billion, March 2023)
Capital impact	CET1 Capital ratio <sup>1</sup> < -1bps
Features <sup>2</sup>	<p>Kredivo</p> <ul style="list-style-type: none"> <li>• Rapid growth with BNPL penetration via Online purchase</li> <li>• No. 1 coverage of e-commerce in Indonesia (available at 9 out of 10 major e-com merchants)</li> <li>• More than 6 million users as of now</li> </ul> <p>Krom</p> <ul style="list-style-type: none"> <li>• A local bank acquired and rebranded as a digital bank</li> </ul>
	Strategic rationale

1. Basel III finalization basis, excluding Net Unrealized Gains (Losses) on Other Securities. 2. Source: Kredivo presentation materials, various press materials.

# Market environment in Indonesia

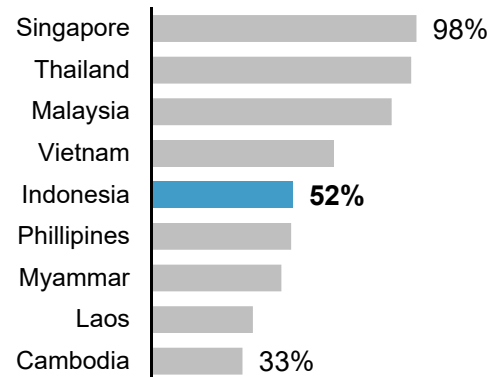
- Indonesia has largest population & output among ASEAN countries
- Financial inclusion & development indicators still lags behind ASEAN peers – implying massive growth potential through digitalization

## Macro environment

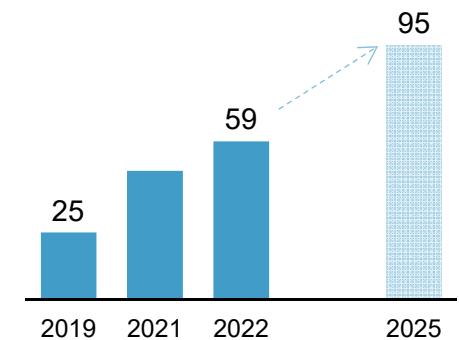
Key indicators in ASEAN countries (2021) <sup>1</sup>

	Population (M)	GDP (USD B)	GDP per capita (USD)	Real growth rate
Indonesia	272	1,187	13,099	5.2%
Philippines	110	394	9,190	5.9%
Vietnam	98	366	11,513	6.7%
Thailand	70	506	19,203	3.3%
Myanmar	54	65	4,450	3.1%
Malaysia	33	373	29,702	4.6%
Cambodia	16	26	5,009	6.2%
Laos	7	19	8,489	3.6%
Singapore	5	397	116,486	2.6%

Bank account holding rate (2021) <sup>2</sup>

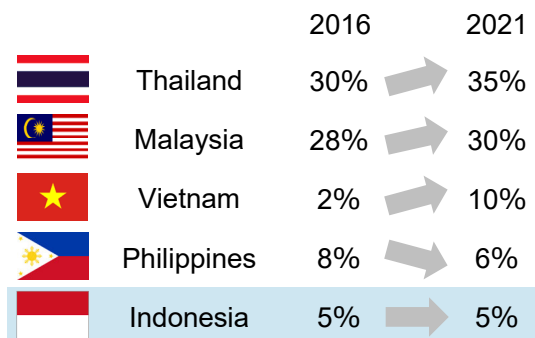


Total amount transacted through e-commerce (USD B) <sup>3</sup>

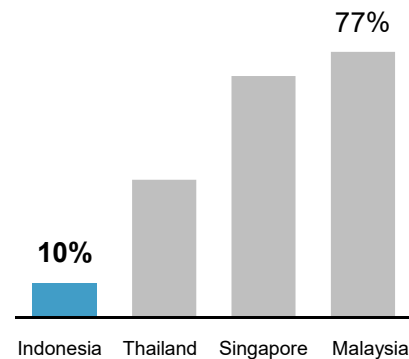


## Retail finance penetration

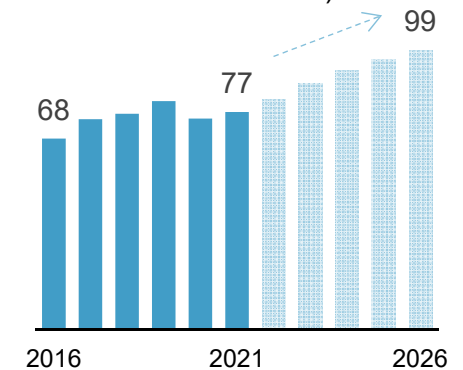
Credit card penetration rate <sup>4</sup>



Household loan penetration rate (2020) <sup>4</sup>



Total household loan balance (USD B) <sup>5</sup>



1. Source: IMF. Real growth rate is the average between 2021 and 2027. 2. Source: World Bank. 3. Source: Google, Bain, Temasek. Household loan penetration rate: Total aggregate of household debt/ GDP. 4. Source: Kredivo presentation materials. 5. Source: Euromonitor.