



Unprecedented Realignments across Japan's Financial Sector

From a historical perspective, fiscal 1999, ended March 31, 2000, may well be remembered as the year when the flow of events in Japan's financial sector shifted from "restoring stability" to "a groundswell toward realignment." The infusion of public funds in late fiscal 1998 under the government's policy to restore soundness to the Japanese financial system contributed to the restoration of stability. Thereafter, however, the competition has further intensified in new financial service businesses engendered by ongoing deregulation. Japanese banks, in order to emerge victorious from this intense competition, are therefore forging alliances to meet the challenges of global competition and take maximum advantage of emerging

business opportunities. These developments go a long way toward explaining why, within a period of only six months in fiscal 1999, many of Japan's leading banks decided to merge or consolidate.

Performance in Fiscal 1999

During fiscal 1999, which will mark the last year that The Dai-Ichi Kangyo Bank, Limited (DKB), reports its financial results independently prior to the consolidation, DKB achieved results exceeding the objectives set in its initial plan, the First Corporate Plan that was launched in April 1999. DKB achieved results virtually according to the plan for the objectives it has pursued over the past year of rationalizing its operations, enhancing efficiency and strengthening its financial position.

Implementation of a Customer Segment-Based Business Management System

DKB introduced a business management system based on customer segments in fiscal 1999 and implemented thoroughgoing reforms in its organization. Under this system, DKB established separate business units, or "Companies," that serve specific customer segments. Goals set when the Customer Segment-Based Business Management System was adopted were to "respond quickly and accurately to customer needs," "further invigorate the organization and clarify responsibility," and "clarify the expected roles and strengthen the operations of each Company in their respective areas of specialization." Over the past year, each Company has worked to provide products and services responsively and speedily to meet the diverse needs

of customers in various segments, including individuals as well as small and medium-sized companies, large corporations, public municipal bodies, and foreign corporations. The implementation of this system has had a significant positive impact on profitability, allowing us to exceed our targets for fiscal 1999.

Creation of the Mizuho Financial Group

During fiscal 1999, DKB, The Fuji Bank, Limited, and The Industrial Bank of Japan, Limited, made the decision to consolidate, and, in autumn 2000, this grand alliance will begin operations as the Mizuho Financial Group. With a holding company at its core, the Mizuho Financial Group will separate and reorganize the various businesses of the three consolidating banks, one of the largest such projects in history. Preparations for consummation of the consolidation are progressing smoothly, and we are ready to take the first major step—the creation of the holding company on September 29, 2000.

Mizuho's Management Vision into the 21st Century

The Management Vision of the Mizuho Financial Group is to create an “innovative financial group that will lead the new era through cutting-edge, comprehensive financial services.”

The objective of providing “cutting-edge, comprehensive financial services” means that the Group will devote its utmost energies to developing unmatched strengths by business and function. The Group will aim to build core competencies in product development and financial technology that others cannot duplicate. In parallel, the Group will

aggressively create strategic alliances with domestic and overseas financial institutions to enhance its capabilities for offering comprehensive, cutting-edge services that are top class in all areas.

“Lead the new era,” the second objective in the Group's Vision, means that the Group will not only aim to be the leading financial services provider in Japan but also secure a position as one of the top five global banks by building a strong and sound financial position and innovative management systems, thereby enabling the Group to become one of the leading financial institutions in the 21st century.

The objective of being “an innovative financial group” expresses our strong commitment to boldly accepting the challenges presented by the revolution now taking place in finance.

Our Commitment

We can make our Management Vision a reality through the continuing contributions of all management and staff and through uniting their efforts for maximum effectiveness. We believe that by so doing we can continue to create value for our shareholders and customers. To all our shareholders and business associates, let me express my thanks for your support over the past years and our determination to work toward our goals in the years to come as part of the Mizuho Financial Group.

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Katsuyuki Sugita
President and Chief Executive Officer