

Message from the Management



I would like to express my sincerest thanks for your continued interest in and support of our group.

Reviewing the recent economic environment, despite the continuing weakness in the recovery of the global economy and the further economic slowdown being felt particularly in Europe and China last summer, there are visible signs of recovery.

In the United States, gradual recovery in the economy continues on the basis of improvement in the housing market and increased consumer spending due to an improvement in employment conditions and other factors, although the risk of a slackening in the economy remains owing to austerity measures. In Europe, the economies of the region are gradually slowing down, with the fiscal problems experienced by certain countries impacting the real economy. In the meantime, the circumstances under which reduced budgets may result in an economic slowdown or political instability are expected to continue, particularly among southern European countries, and it is difficult to predict the effects of the slowdown of the European economy on the global economy. On the other hand, in Asia, although the economies of the region as a whole are slowing because of the impact of the decline in exports to Europe, among other factors, they are showing signs of recovery especially in ASEAN countries, mainly due to domestic stimulus measures, such as increased

public investments. In China, the pace of recovery is slow because of lingering inventory adjustment pressures and the weakness of recovery in the major industrialized countries. Going forward, real estate prices and trends in exports, in particular, will require careful monitoring.

In Japan, although the economy was not showing much improvement due to decreases in exports and production and other circumstances, it is experiencing a gradual recovery. As for the future direction of the economy, while there are causes for some concern, such as the downturn in overseas economies that pose the risk of acting as a drag on economic growth, there are prospects for the economy to be back on course for recovery due to the improved export situation following the depreciation of the yen against other currencies and the effects of economic measures and monetary policies known as Abenomics as well as other factors.

Review of Mizuho's Transformation Program

Amid this environment, we have been devoting our fullest efforts to consummating our drive to deal with the three areas cited in Mizuho's Transformation Program, which was originally announced in May 2010. Reviewing the initiatives that we took over the past three years, nearly all the targets have been achieved, including consolidated net income of ¥500.0 billion.

First, regarding our Program for Improving Profitability, consolidated net income for fiscal 2012 amounted to ¥560.5 billion, with an achievement ratio of approximately 112% against our planned net income for fiscal 2012. This was due to favorable results in our overseas business and Trading and Others, Mizuho Securities' return to positive net income, and our group-wide efforts to reform the cost structure drastically. Under our Program for Enhancing the Financial Base, we made major progress in strengthening the quality and quantity of our capital and achieved our consolidated Tier 1 capital ratio target of 12% (Basel II basis). As regards our Program for Strengthening Front-Line Business Capabilities, we have steadily implemented various measures, including streamlining our corporate management functions, reforming the structure of our IT costs and consolidating operations.

We plan to make a cash dividend payment of ¥6 per share of common stock for fiscal 2012 (including an interim dividend of ¥3 per share) as well as make dividend payments on preferred stock as prescribed.

Commencement of the New Medium-term Business Plan

We have commenced our new medium-term business plan, “One MIZUHO New Frontier Plan—Stepping Up to the Next Challenge—,” as of April this year. The new business plan has its sights set 10 years into the future. It takes into consideration the more than decade-long history of Mizuho and is designed to address structural changes in the economy and society both in Japan and overseas, as well as changes in the regulatory environment. The new business plan also clearly reflects our thinking about what a financial institution should be as well as Mizuho's reason for existence and our responsibility to society. Under our business strategy as set forth in the plan, we aim to maximize our differentiating features and our competitive advantages as the only financial group in Japan with banking, trust and securities functions under one umbrella and, thereby, further improve customer convenience. On the other hand, in our financial strategy, we aim to convert to a business portfolio and profit structure that combines stability and growth, centered on customer business. At the same time, we will focus on establishing a position for solid profitability through our actions to reform our expense structure.

Establishment of an Advanced Group Management Structure and the New Mizuho Bank

Furthermore, we have set the course of our management policy to establish a new corporate structure and strengthen corporate governance. More specifically, we have implemented a set of measures, starting with turning our trust banking and two securities subsidiaries into our wholly-owned subsidiaries in September 2011. We also merged Mizuho Securities and Mizuho Investors Securities in January 2013, and turned the new Mizuho Securities into a directly-held subsidiary of the Mizuho Financial Group in April. Thus, we have moved to a new group capital structure, which places banking, trust banking, securities, and other core group companies under the direct control of the holding company.

In addition, we conducted a merger between Mizuho Corporate Bank and Mizuho Bank in July 2013.

By making optimal use of the strengths and advantages that the two banks have cultivated to date, the new Mizuho Bank will provide multifaceted and seamless financial services to all individual and corporate customers. Also, as Japan's leading bank with one of the largest customer bases in the country, it will draw on the

group's comprehensive capabilities, our group's biggest competitive advantage, to implement and act as a driving force for our strategy of integrated management of banking, trust, and securities functions.

The birth of the new Mizuho Bank completed the basic structure for integrated group management. Going forward, we will continue to develop even more advanced and sophisticated group management approaches and strengthen corporate governance of the group.

In addition, by accelerating the integrated management of banking, trust and securities functions and combining these functions seamlessly, we will strengthen our structure for responding to our customers' varying needs more precisely and in a timely manner. This will enable us to further improve customer convenience and offer significantly higher-value-added financial services, which will position Mizuho to become “the most trusted financial services group,” “the best financial services provider,” and “the most cohesive financial services group.”

“One MIZUHO: Building the Future with You”

Along with our actions toward forming a new, common corporate culture as we push forward toward the new Mizuho as a unified group, we have developed a new brand slogan, “One MIZUHO: Building the future with you,” from the perspective of building the optimal brand for the new Mizuho. In the spirit of One MIZUHO, we will aim to become the most trusted financial services group with a global presence and a broad customer base, contributing to the prosperity of the world, Asia, and Japan. Furthermore, we will endeavor to fulfill our social mission as a financial institution, and continue to devote our efforts to providing our customers with a smooth supply of funds.

We sincerely appreciate your continuing support for these endeavors.

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