



Mizuho Financial Group

17th interim period report to our shareholders

April 1, 2018 to September 30, 2018

(Securities Code 8411)

The document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Forward-looking statements

This document contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including estimates, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee of future performance.

In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “endeavor,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target” and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. We may not be successful in implementing our business strategies, and management may fail to achieve its targets, for a wide range of possible reasons, including, but not limited to: incurrence of significant credit-related costs; declines in the value of our securities portfolio; changes in interest rates; foreign currency fluctuations; decrease in the market liquidity of our assets; revised assumptions or other changes related to our pension plans; a decline in our deferred tax assets; the effect of financial transactions entered into for hedging and other similar purposes; failure to maintain required capital adequacy ratio levels; downgrades in our credit ratings; our ability to avoid reputational harm; our ability to implement our Medium-term Business Plan, realize the synergy effects of the One Mizuho strategy, and implement other strategic initiatives and measures effectively; the effectiveness of our operational, legal and other risk management policies; the effect of changes in general economic conditions in Japan and elsewhere; and changes to applicable laws and regulations.

Further information regarding factors that could affect our financial condition and results of operations is included in “Item 3.D. Key Information-Risk Factors” and “Item 5. Operating and Financial Review and Prospects” in our most recent Form 20-F filed with the U.S. Securities and Exchange Commission (SEC), which is available in the Financial Information section of our website at www.mizuho-fg.com/index.html and also at the SEC’s web site at www.sec.gov.

We do not intend to update our forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by the rules of the Tokyo Stock Exchange.

Mizuho Financial Group, Inc. is a specified business company under Cabinet Office Ordinance on Disclosure of Corporate Information Article 17-15 clause 2 and prepares interim consolidated and interim non-consolidated financial statements in the second quarter.

Unless otherwise specified, the financial figures used in this material are based on Japanese GAAP.
This material does not constitute a solicitation of an offer for acquisition or an offer for sale of any securities.

Definition

Mizuho Financial Group: Mizuho Financial Group, Inc. (the holding company)

We/us/our, the group, Mizuho: Mizuho Financial Group, Inc. and its consolidated subsidiaries and affiliates

Interview with the New Group CEO

Greetings

The past fiscal year has been an eventful one for the Mizuho group as well as the world as a whole. In April 2018, I, Tatsufumi Sakai, was appointed as the President & CEO of Mizuho Financial Group (“Group CEO”). To our shareholders, I ask for your continued support to help us succeed in our endeavors.



December 2018

Tatsufumi Sakai
Member of the Board of Directors
President & Group CEO

A handwritten signature in black ink, appearing to read 'T. Sakai'.

Establishing a stronger and more resilient financial group which our customers can depend on in the coming era.

Q1>> *Please explain initiatives for your first year in office.*

A This fiscal year, we aim to go on the offensive by approaching three priorities as a united group, which are: commencement and prompt implementation of structural reforms; completion of our medium-term business plan and transition to the next-generation IT system.

Given the challenging environment in terms of revenue growth and considering major structural changes occurring in the economy and society, we will commence with the fundamental structural reforms* we announced last year. For example, we will optimize our organizational structure and staffing by reorganizing Head Office personnel, shifting some of them to the frontlines and limiting hiring and restructure our customer channels by combining branches with respect to banking, trust banking and securities. At the same time, we will strengthen “our fundamental earning power” and ensure the long-term stability of our business by working to achieve the measures outlined in the medium-term business plan during this final fiscal year of the plan. Moreover, with respect to transitioning to the next-generation IT system, we have set this as a top management priority and are approaching the transition process with considerable care.

* For more details, see page 6.

Q2>> *How was FY2018 H1?*

A Profit Attributable to Owners of Parent represents progress of 63% toward our fiscal year target.

During FY2018 H1, net interest income has grown in customer divisions as a result of increased lending overseas and non-interest income has substantially increased within and outside of Japan. We are starting to see results from the strengthening of “our fundamental earning power,” which we have been working on.

As a result, Profit Attributable to Owners of Parent amounted to ¥359.3 billion, which represents progress of 63% toward our fiscal year target of ¥570.0 billion.

Our Common Equity Tier 1 capital ratio (excluding Net Unrealized Gains on Other Securities) was 10.41%.

Q3>> *What is the interim dividend for fiscal year 2018?*

A Mizuho Financial Group has decided to pay an interim dividend of ¥3.75 per share of common stock for the fiscal year 2018, as we had initially estimated at the beginning of this fiscal year.

As for our policy to return profits to shareholders, Mizuho Financial Group has implemented a steady dividend payout policy, setting a dividend payout ratio on a consolidated basis of approximately 30% as a guide for our consideration.

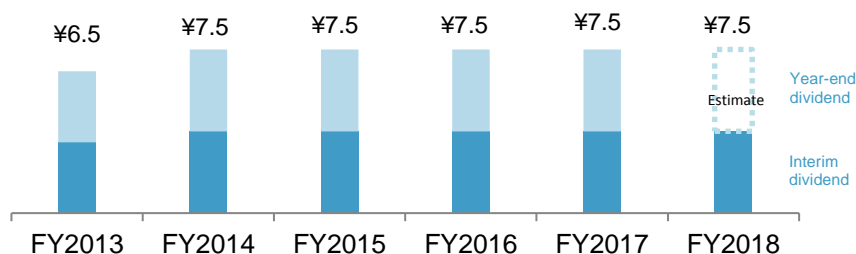
Under the above policy, the Board of Directors of Mizuho Financial Group have decided the interim dividend for the fiscal year 2018 based on their thorough consideration and by comprehensively taking into account our business environment, which includes the steady progress of Profit Attributable to Owners of Parent for the fiscal year 2018 against the full-year consolidated earnings estimates, future earnings forecasts, profit base, status of capital adequacy and domestic and international regulatory trends such as the Basel framework.

In accordance with the Articles of Incorporation, Mizuho Financial Group is to decide the distribution of dividends from surplus, not by a resolution of a general meeting of shareholders, but by a resolution of the Board of Directors, unless otherwise provided for in laws or regulations.

Interim period FY2018

Interim Dividend per Share of Common Stock	¥3.75
Total Interim Dividend	¥95.1 billion
Profit Attributable to Owners of Parent	¥359.3 billion

■ Cash dividend per share of common stock



Capital management policy

Mizuho Financial Group pursues the maintenance of an optimal balance between strengthening a stable capital base and steady returns to shareholders.

A stable and sufficient level of equity capital is essential for ensuring our sustainable growth and the ability to meet expectations of shareholders through maintaining our financial soundness while fulfilling our role as a financial intermediary even during times of economic downturn. At the same time, we recognize the importance of our obligation to provide returns to our shareholders. Therefore, we continue to pursue a **disciplined capital management policy** which maintains an optimal balance between **strengthening a stable capital base** and **steady returns to shareholders**.

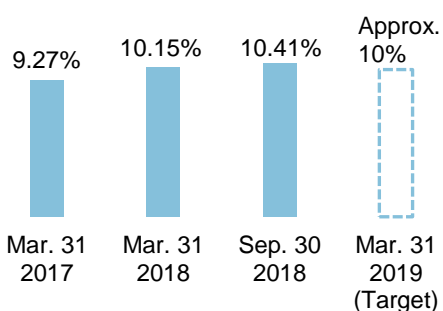
Strengthening a stable capital base

Target Common Equity Tier 1 (CET1) capital ratio¹: approximately 10% (as of March 31, 2019)

CET1 capital ratio¹ as of September 30, 2018: 10.41%

- We will enhance tolerance to stress from the external environment in order to optimize our financial intermediary functions even during an economic downturn.

■ Trends in CET1 Capital Ratio¹



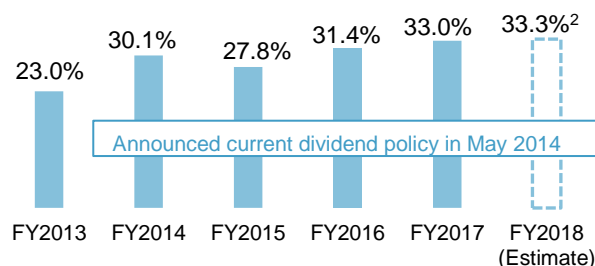
1: Basel III fully-effective basis (based on current regulations), excluding Net Unrealized Gains on Other Securities.

Steady returns to shareholders

We aim to implement steady dividend payouts, setting a consolidated dividend payout ratio of approximately 30% as a guide for our consideration. (since fiscal year 2014).

- We will continue steady returns to our shareholders while further strengthening our capital base.

■ Trends in Consolidated Dividend Payout Ratio

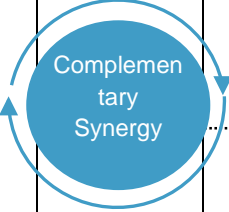


2: Assuming ¥570.0 billion in Profit Attributable to Owners of Parent in fiscal year 2018

Q4>> *What kind of actions are you going to take in order to enhance corporate value from a medium- to long-term perspective?*

A We are establishing a resilient business structure with medium-to long-term built-in growth potential and we are committed to implementing fundamental structural reforms, looking ahead to the next ten years.

■ **Establishing a resilient business structure**

Business structure and business strategies				
	Positioning	Areas to address	Growth areas	Business strategies
 Retail business	Stable earnings base Source of liquidity ▲ ▼ Need to reduce fixed costs	Stable wealth formation Aging population/ declining birthrate Shift to digital	Securities, trust banking, asset management Outside of Japan (particularly in Asia)	1 Shift household assets to more growth-focused portfolios and support the succession of the business 2 Transform our customer channels and payment services
	Wholesale business Need to pursue upside potential Source of growth ▲ ▼ Need to address earnings volatility	Capital markets expansion Companies aiming for debt-free operations Companies' international expansion		3 Strengthen markets business (primary, secondary) 4 Respond to clients' international expansion

In order to meet the high expectations of shareholders, we, as a listed company, not only need to combine a stable earnings base and a number of additional fields with upside potential, but also ensure medium- to long-term built-in growth potential.

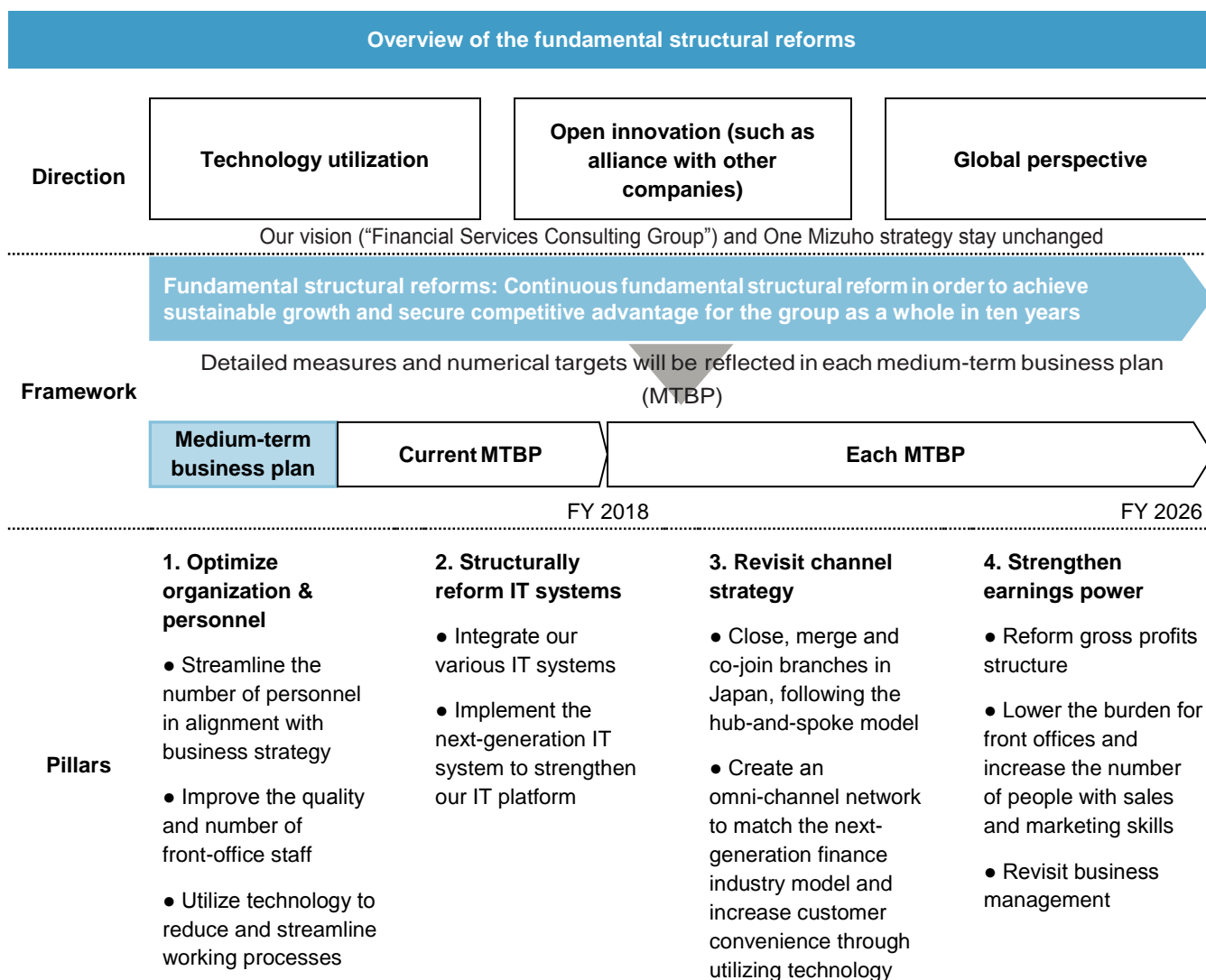
Not only do our retail businesses, which are a stable earnings base and wholesale businesses, which are a field with upside potential, complement one another, but they are also highly integrated. By strengthening collaboration between the two, we will create synergy. For both our retail and wholesale businesses, we will focus on growth areas, that is, our securities, trust banking and asset management businesses and our business outside of Japan, particularly in Asia.

■ Implementing fundamental structural reforms

The business environment continues to be challenging for financial institutions, and major structural changes to the industry are on the horizon. With this in mind, we aim to further develop the One Mizuho strategy. For example, we aim to increase profits by actively pursuing collaborative partnerships with other companies, including those outside the financial industry, to create new business opportunities. Secondly, we will optimize our organizational structure and personnel levels as well as restructure our customer channels as a means of strengthening cost competitiveness and enhancing productivity.

Having designated it as a key management priority in the current fiscal year, we are transitioning to the next-generation IT system which forms a crucial part of our business foundation and better enables us to implement fundamental structural reforms. At present, the transition is being carried out smoothly and we continue to proceed safely and steadily.

Schedule (dates of transition to new IT system)	
1. Monday, June 11, 2018 [Completed]	6. Monday, December 17, 2018
2. Tuesday, July 17, 2018 [Completed]	7. Tuesday, January 15, 2019
3. Monday, September 10, 2018 [Completed]	8. Tuesday, February 12, 2019
4. Tuesday, October 9, 2018 [Completed]	9. Somewhere in the first half of FY2019
5. Monday, November 12, 2018 [Completed]	



Q5>> Please explain your policy regarding use of technology.

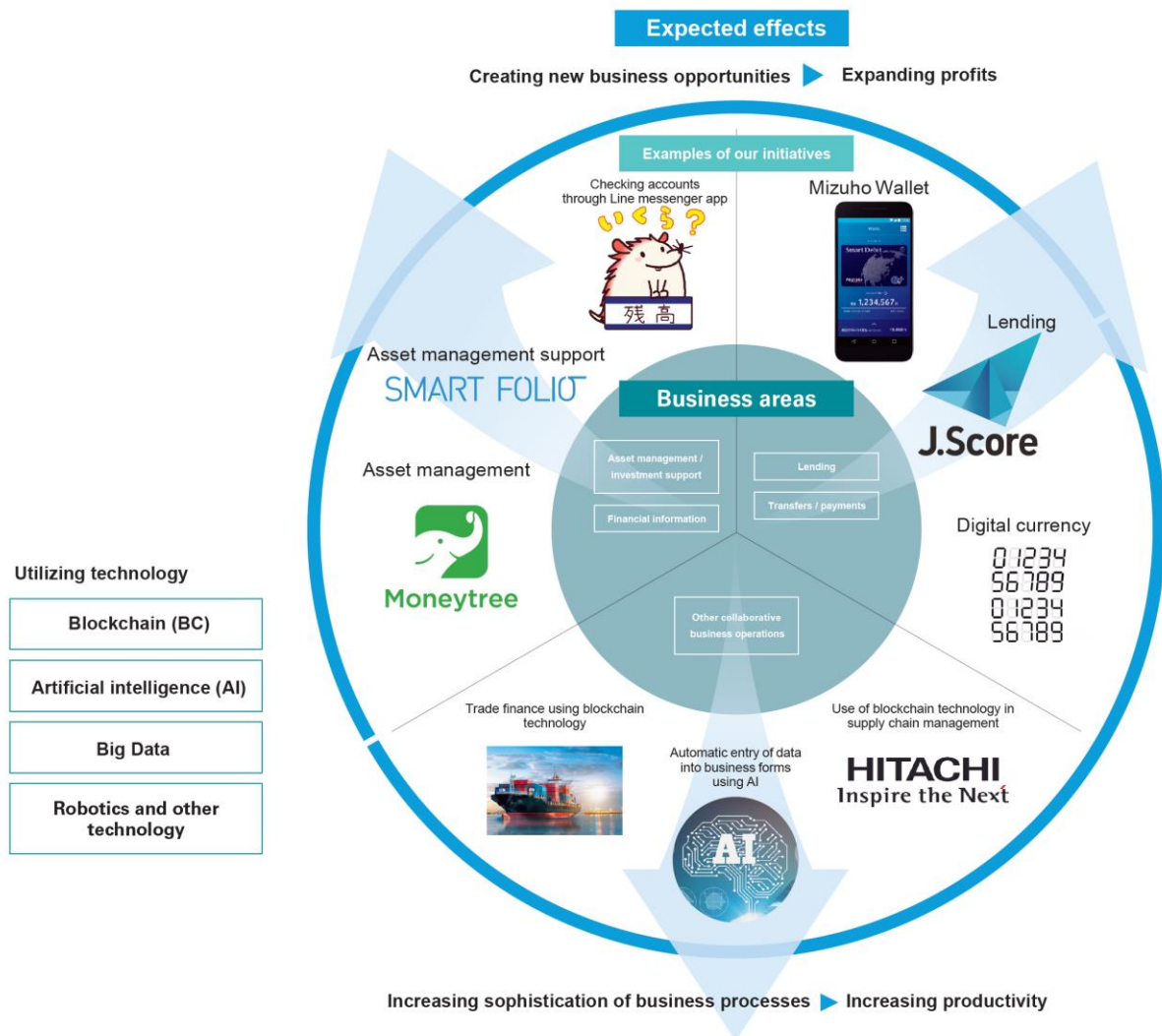
A We are using cutting-edge technology and collaborating with external organizations to provide more convenient services for our customers.

As a megabank, we have built a robust customer base and a wealth of industry information and worked to develop strength in the areas of financial knowledge and technology. However, by collaborating with major vendors and Fintech companies that possess strengths with respect to innovation, advanced technology and assessment of a field's future business potential, we are working to create new business opportunities and provide more convenient services for our customers.

Our principal initiatives consist of engagement in efforts to develop new business opportunities and optimize business processes, including building settlement platforms covering overseas transactions, developing software to automate business tasks using artificial intelligence (AI) and Big Data and applying blockchain technology¹ with the aim of increasing operational efficiency in supply chain management² and trade finance.

1: Optimization of the entire production and distribution process

2: Technology to connect blocks, each of which stores transaction data or other data, in a chain-like form



TOPIC Digital currency initiative – Commencement of pilot testing in Fukushima and Kitakyushu –

We are conducting pilot testing through using our QR code payments app in order to verify the feasibility of our plan to introduce cashless payments, with the aim of creating a cashless society in Japan by 2020 through promotion of unified standard QR code payments. From June 2018, together with the Toho Bank, we started testing in stores inside the Sakura Mall Tomioka (Daiyu Eight store, Tsuruha Drug store and York Benimaru store) and the Lawson store in Tomioka-cho, the FamilyMart store in front of Iwaki Station, the cafeteria in the Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company, etc., all of which are located in Fukushima Prefecture. Moreover, from September 2018, together with Kitakyushu Bank, Nishi-Nippon City Bank and Fukuoka Bank, we started testing in the shopping district and facilities around Kokura Station, Riverwalk Kitakyushu, Daiichi Koutsu Sangyo taxis, etc., in Kitakyushu-shi. Both pilot projects are scheduled to be conducted until the end of December 2018. Through such projects, we are engaging in the promotion of cashless payments as well as verifying the convenience of QR code payments.

By promoting cashless payments, we strive to reduce cash management costs for Japanese society as a whole, generate new revenue streams through digitization of payment information, provide new services to users and further expand inbound demand for our services through collaboration with overseas payment business operators.

Progress of the medium-term business plan (financial targets) and financial highlights

Please refer to the “Summary of Financial Results” posted on our website:https://www.mizuho-fg.com/investors/financial/fin_statements/pdf/data18_2q_2.pdf