June 29, 2018
Mizuho Financial Group, Inc.

Disclosure of the Progress of the FY2017 Action Plan Initiatives and the FY2018 Action Plan Regarding Fiduciary Duties

Mizuho Financial Group, Inc. ("MHFG"; president & CEO: Tatsufumi Sakai) has upheld the "customer-first" principle as a central value in *Mizuho's Corporate Identity* as shared by all employees and executive officers of Mizuho, and has established and made publicly available its *Policies Regarding Mizuho's Fiduciary Duties*[*1] ("Policies") in order to fulfill our fiduciary duties[*2] ("FD") regarding asset management-related business.

We now disclose, with each of our group companies, the "Progress of the FY2017 Action Plan Initiatives" and the "FY2018 Action Plan" implemented/to be implemented for the purpose of FD fulfillment according to the Policies as attached.[*3]

In making this disclosure, we revised the contents of the material by using more graphs than before so as to make it easier to understand for our customers. We also decided to make a group-wide disclosure instead of the previously adopted company-by-company approach.

Further, we disclosed the following three indicators in the material as the measurements that show the status of return for the products (investment trust, etc.) purchased by the customers.

Indicators regarding return for customers[*4]

1. Customer ratio by investment profit/loss from investment trust funds/fund wraps
2. Cost vs. return of the best-selling investment products in terms of balance of investment trust assets under management
3. Risk vs. return of the best-selling investment products in terms of balance of investment trust assets under management

As a long-term partner and in order to continue to be our customers' most-trusted financial services partner, we will continue to be committed to developing and pursuing customer-focused initiatives.

[*1] *Policies Regarding Mizuho's Fiduciary Duties*

URL: https://www.mizuho-fg.com/release/pdf/20170330_2release_jp_1.pdf

[*2] Fiduciary duties is a general term for the broad range of various roles and responsibilities that fiduciaries are expected to fulfill when engaging in certain business activities in order to live up to the trust that is placed in them by their customers.

[*3] Before this disclosure, we invited the following external experts as advisors and held the Third Meeting of the Fiduciary Duty Advisory Committee.

Panel of external experts (in alphabetical order by surname)

Name	Title
Kanda, Hideki	Professor at Gakushuin University, emeritus professor at the University of Tokyo
Kishimoto, Sachiko	Executive director, Public Resources Foundation
Wani, Akihiro	Senior counselor, Morrison & Foerster

[*4] "Indicators regarding return for customers" are indicators based on "the Common KPIs comparable across investment trust distributors" announced by the FSA in June 2018.

Initiatives Regarding Mizuho's Fiduciary Duties

June 29, 2018

Mizuho Financial Group

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Building the future with you

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Mizuho's Fiduciary Duties ("FD")*

* Fiduciary duties is a general term for the broad range of various roles and responsibilities that fiduciaries are expected to fulfill when engaging in certain business activities in order to live up to the trust that is placed in them by their customers.

- **Mizuho has established and disclosed *Policies Regarding Mizuho's Fiduciary Duties ("Policies")* as its group-wide policies in performing asset management-related businesses so as to offer products and services that truly meet the best interests of customers and to continue to be the most-trusted group as a long-term partner.**

Policies Regarding Mizuho's Fiduciary Duties
https://www.mizuho-fg.com/release/pdf/20170330_2release_jp_1.pdf

- **Further, the holding company and group companies of Mizuho have established and disclosed their own action plans according to their respective functions. In this presentation, we will disclose the progress of the main initiatives of FY2017 and the action plan of FY2018.**

Major group companies that have established and disclosed action plans

The terms in parenthesis are abbreviated expressions of group companies

Functions		
Sales	Asset management/product development	Asset administration
Mizuho Bank, Ltd. (BK)		
	Mizuho Trust & Banking Co., Ltd. (TB)	
Mizuho Securities Co., Ltd. (SC)		
	Asset Management One (AM-One)	
		Trust & Custody Services Bank, Ltd. (TCSB)

Our Goal: To Create Shared Values Between Customers and Mizuho

- **Mizuho aims to achieve high satisfaction for customers and to earn their trust by increasing their financial assets in the medium-to long-term through the practice of FD.**
- **We also aim to "Creating shared value with our customers" with the concept that the enhancement of the transaction base and the establishment of the brand achieved as a result of customer satisfaction/trust will also lead to Mizuho's medium-to long-term growth.**

Creating shared value with our customers

(1) Performing our FD

Mizuho

- Providing optimal financial products and services
- Pursuing what is in our customers' best interests

(2) Positive and trustworthy public image

Customer

Increase in financial assets over the medium-to-long term

Enhancing customer satisfaction and trust

(3) Results

Mizuho

Medium-to long-term growth

- Expanding customer base
- Strengthening our brand

"Creating shared value"

Key Performance Indicators (KPIs)

- **We have established Key Performance indicators (KPIs) to confirm how FD has been practiced toward the "Creating shared value with our customers".**

Policies		(1) Performing our FD	(2) Positive and trustworthy public image	(3) Results
Group management policies		■ Number of participants in financial education course		
Policies by function	Sales*	■ Number of certified personnel	■ Customer satisfaction survey	■ Balance of assets under management — Increase in assets under management due to new investors ■ Number of customers using our investment products — Number of customers using our long-term investment focused products
	Asset management/ product development	■ Number of products developed or improved ■ Number of companies involved in our engagement activities ■ Total number of seminar attendees	■ Number of fund awards ■ Survey of satisfaction among investment trust companies	■ Balance of pension trust assets ■ Balance of funds in publicly offered and privately placed investment trusts ■ Balance of funds invested in DC specialized funds and long-term investment focused funds
	Asset administration	■ Number of improvements made to back office operations ■ Number of training sessions		■ Balance of funds in new publicly offered investment trusts ■ Balance of assets under management

* In addition to the above Key Performance indicators (KPIs), we mentioned the following "indicators relating to the return of customers."
(1) Customer ratio by investment profit/loss from investment trust funds/fund wraps, (2) Cost vs. return of the best-selling investment products in terms of balance of investment trust assets under management, (3) Risk vs. return of the best-selling investment products in terms of balance of investment trust assets under management

Progress of the Main Initiatives of FY2017

Performing our FD with Regard to Sales Functions

1. Building Appropriate Product Lines in Response to Customers' Needs

Progress of the main initiatives of FY2017

- **Group-based provision of excellent investment opportunities suited for our valued customers**
  Mizuho is making efforts to establish an excellent product lineup to allow us to make group-based proposals that suit the life plan and various needs of customers so that we can help the future asset-building of customers.

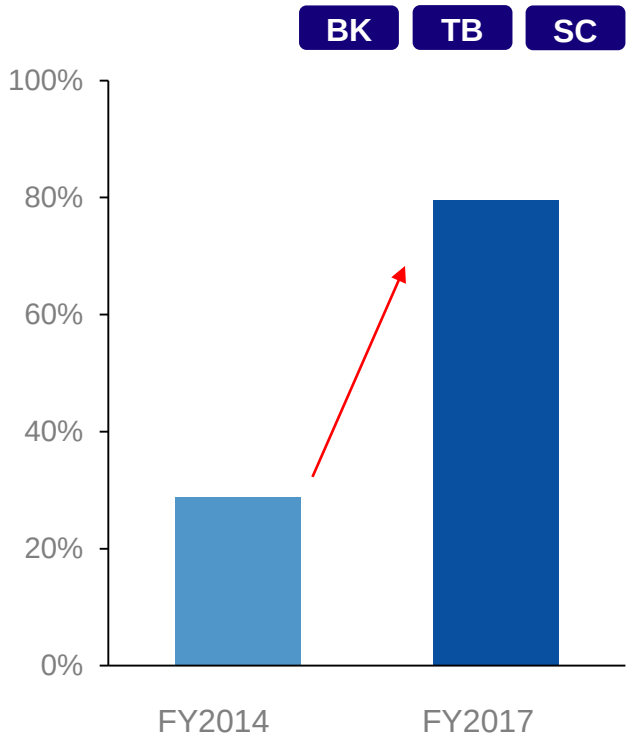
Main policies and initiatives of each group company

	Main policies	Main initiatives
BK	Helps customers take the first step in "shifting from savings to investments/asset-building"	● Introduction of products that meet the needs of customers and contribute to the long-term asset-building of customers, while establishing a product lineup that allows the customers to choose the products that best suit their needs BK TB SC ● Development of "Eraberu Anshin Shintaku" (safe, assured trust of your choice)" (money trust with optional special conditions) to meet customer succession needs and simultaneous release via Mizuho group companies TB BK SC ● Enhancement of financial products that can be brokered to meet the diverse needs of customers BK SC
TB	Provides support for the "succession" of customers' valued assets to the next generation, in addition to "investments"	
SC	Prepares a broad product lineup to meet the diverse needs of customers and to offer products that best suit the customers' requirements	

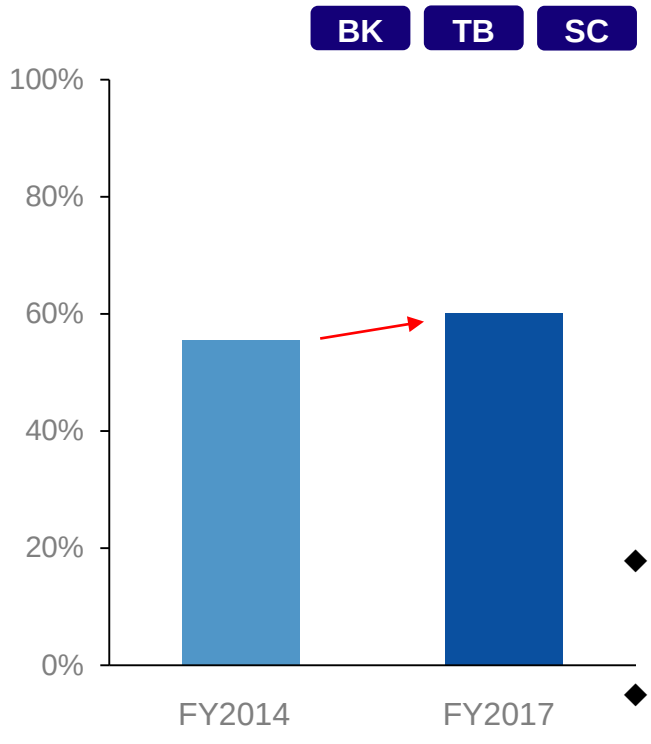
Performing our FD with Regard to Sales Functions

- The charts below show the "Sales ratio of funds other than a monthly distribution type," "Sales ratio of products from the asset management companies of the Mizuho group," and "Insurance sales ratio by needs" of investment trust funds in FY2017

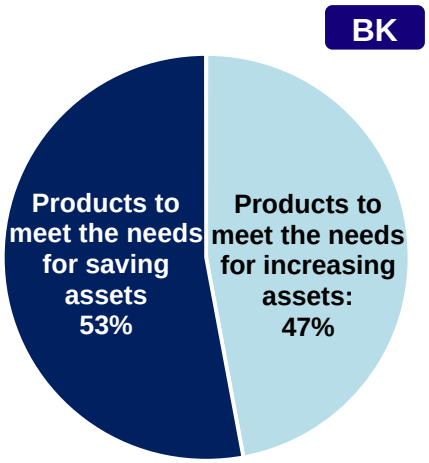
Sales ratio of funds other than a monthly distribution type



Sales ratio of products from the asset management companies of the Mizuho group



Insurance sales ratio by needs



- ◆ Products to meet the needs for increasing assets: Insurance policies that can be used for preparation for life after retirement and investment, such as single premium annuity insurance
- ◆ Products to meet the needs for saving assets: Insurance policies that can be used for preparation for tax payment and inheritance while the donator is still alive, such as single-premium whole-life insurance

Performing our FD with Regard to Sales Functions

- The charts below show the “Sales ratio of fund categories” and “Best-selling funds” of investment trust funds in FY2017.

BK/TB

Sales ratio of fund categories

	FY2014	FY2017
Japanese fixed income	9%	2%
Global fixed income	34%	39%
Japanese equity	8%	18%
Global equity	19%	17%
Japanese REIT	4%	2%
Global REIT	21%	5%
Balaced	5%	17%
Other	1%	1%
Total	100%	100%

Best-selling funds

No	Fund name	Underlying assets	Asset management company	Monthly dividend
1	World Asset Balance (Risk-constrained Course)	Balanced	AMOne	–
2	Nomura PIMCO World Income Strategy Fund Course A	Global fixed income	Nomura AM	–
3	MHAM Equity Index Fund 225	Japanese equity	AMOne	–
4	Mizuho US High Yield Open B Course	Global fixed income	AMOne	Yes
5	Japan Equity Index Fund 225	Japanese equity	AMOne	–
6	Mizuho Australian Dollar Bond Fund	Global fixed income	AMOne	Yes
7	MHAM Japan Growth Stock Open	Japanese equity	AMOne	–
8	netWIN Goldman Sachs Internet Strategy Fund (Course B, Unhedged)	Global equity	Goldman	–
9	PICTET GLOBAL INCOME STOCK FUND 1M	Global equity	Pictet AM	Yes
10	Frontier World Income Fund	Global fixed income	AMOne	Yes

SC

	FY2014	FY2017
Japanese fixed income	1%	0%
Global fixed income	16%	17%
Japanese equity	11%	5%
Global equity	22%	69%
Japanese REIT	7%	1%
Global REIT	12%	1%
Balaced	26%	3%
Other	5%	4%
Total	100%	100%

No	Fund name	Underlying assets	Asset management company	Monthly dividend
1	Developing Countries High-Quality Growth Equity Fund	Global equity	AMOne	–
2	Global High-Quality Growth Equity Fund（Currency Unhedged）	Global equity	AMOne	–
3	Capital Group New World Fund B (JP) Unhedged	Global equity	Capital	–
4	Capital Group Investment Company of America ICA (JP)	Global equity	Capital	–
5	Capital Group Global Equity Fund (JP)	Global equity	Capital	–
6	Global High-Quality Growth Equity Fund（Currency Partially-Hedged）	Global equity	AMOne	–
7	Nissay Australia High Dividend Equity Fund（Monthly Settlement Type）	Global equity	Nissay AM	Yes
8	Fisher US Micro Equity Fund	Global equity	AMOne	–
9	Emerging Growth Stocks Fund	Japanese equity	Meiji Yasuda AM	–
10	JPM Emerging Markets Small Cap Equity Fund	Global equity	JP Morgan	–

Performing our FD with Regard to Sales Functions

2. Providing Investment Products to Customers via Consulting Services
3. Attentive Follow-up Service to Help Customers Achieve Their Goals

Progress of the main initiatives of FY2017

- **Enhancement of initiatives to accurately understand the needs and goals of customers**
- **Consulting based on appropriate information provision**
- **Improvement in information provision and advice through after-sales follow-up**
- **Reliable execution and advancement of business operations**

Key initiatives

- **Promotion and execution of consulting sales**
  Promotion of consulting sales through extensive information provision with the use of tablets and the utilization of activity management realization models
- **Provision of the Robo-Advisor Services through the use of technology**
  Enhancement of the functions of the Tsumitate (accumulation) NISA at BK and new offers of products at SC
- **Customer Satisfaction Questionnaire Surveys, including after-sales follow-up**
  Please see Page 11 for details.
- **Enhancement of initiatives to implement easy-to-understand explanations**
  - By providing information about products that comprise more than one financial product in comparison with the cases where financial products are purchased separately
  - By comparing index-type investment trust funds and ETFs (exchange-traded funds, listed investment trust funds)
- **Extensive information provision regarding commissions**
  Communication of Mizuho's explicit concept regarding commissions（Japanese version only）
  https://www.mizuho-fg.co.jp/company/policy/fiduciary/kpi/pdf/fee.pdf
- **Promotion of paperless transactions**
  Paperless transaction request acceptance for certain life insurers' products

- Mizuho received the following awards as a result of a wide variety of initiatives.

First place in the overall ranking of "14th Nikkei's ranking of Japanese financial institutions based on customer satisfaction"	TB
Received the 2017 CRM Best Practice Award*1	SC
Was granted the highest evaluation (three stars) in the HDI "Inquiry Contact Ranking/Web Support Ranking"	BK SC
Contact Center obtaining the certificate of "COPC® CSP Standard 5. 2"*2	SC

*1 CRM Best Practice Awards, as selected by CRM Association Japan (see note) (a general incorporated association), are awarded to corporations, government bodies, and groups that have achieved excellent results by establishing good relationships with customers from the perspective of strategy, operation, and organization, in order to realize customer centric relationship management.
Note: CRM Association Japan, established on October 1st, 2009, is an open, non -profit organization inheriting the activities of the CRM Council which had been established in April 2000, They are cooperating with users, vendors, academies and others to research and pursue the true appearance of CCRM(Customer Centric Relationship Management) in Japan.
*2 COPC Standards: Global quality assurance standards adopted by more than 1,600 corporations in 75 countries around the world as granted only to the organizations that have achieved very high customer satisfaction and systematic operations for very high customer satisfaction regarding customer contact operations such as at contact centers; the COPC certification is accredited by COPC Inc. in the U.S. for the organizations that are managing speed and accuracy regarding customer service and efficiency of operations via the use of indicators and that have achieved and maintained such at a high level.

Performing our FD with Regard to Sales Functions

4. Laying Foundations to Help Customers Invest with Confidence and Steadily Build Their Assets

Progress of the main initiatives of FY2017

- **Education of sales personnel to enhance consulting sales capabilities**
- **Wide-ranging services such as financial and investment seminars for customers**
- **Enhancement of initiatives via saturation plans to make FD regular practice and to fully implement it**

Key initiatives

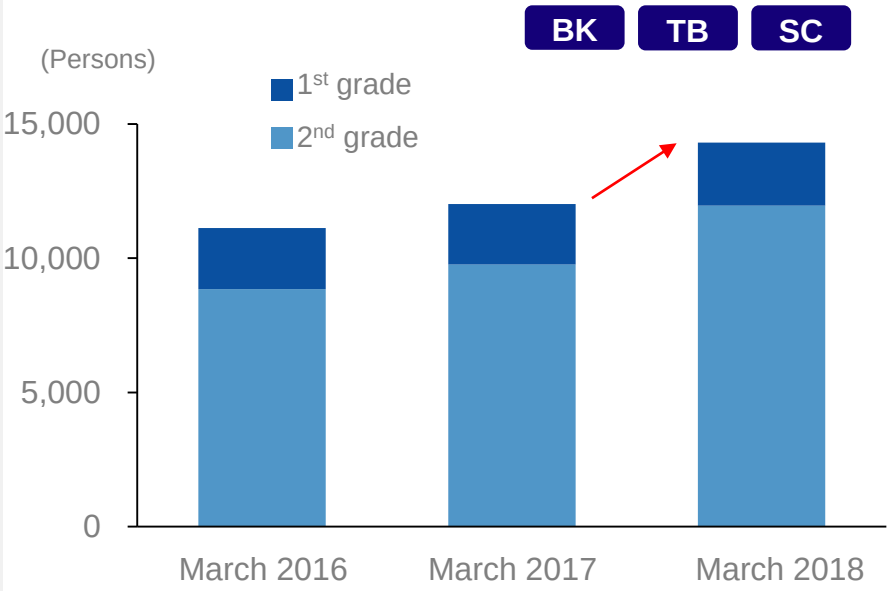
- **Obtainment of qualifications**
  Strongly encouraging all employees to obtain qualifications so as to further develop our resources in an organized manner, so that they can provide the highest level of consulting services while making efforts to share and achieve the financial goals of individual customers.

- **Holding seminars for customers**
  Provision of seminars to customers on the subjects of financial education, follow-up seminars for the purpose of disseminating long-term continued investment, etc.

- **Solidifying FD as corporate culture**
  Communication of the importance of FD through visits by executive officers to offices and the transmission of their video messages; in addition, efforts are being made to disseminate the culture of FD more deeply through the establishment of performance evaluation systems with FD being one of the factors for assessment, along with optional internal training programs, study sessions at each office, and discussions.

  BK and TB established a new internal system under which the employees who were highly evaluated by customers through the practice of FD are certified as "Client First Meister." Please see BK's website for details.
  (Introduction of BK Client First Meister)
  https://www.mizuhobank.co.jp/company/activity/fiduciary/cfm/index.html
  At SC, there is a system under which the employees who are practicing and implementing FD in their daily activities are awarded.

Number of certified personnel



FP 1st-grade equivalent: FP 1st grade, CFP, securities analyst, senior private banker, etc.
FP 2nd-grade equivalent: FP 2nd grade, AFP, primary private banker, etc.
* The number for MHSC employees qualified is those that are qualified as CFP and AFP at the Retail Business Division.

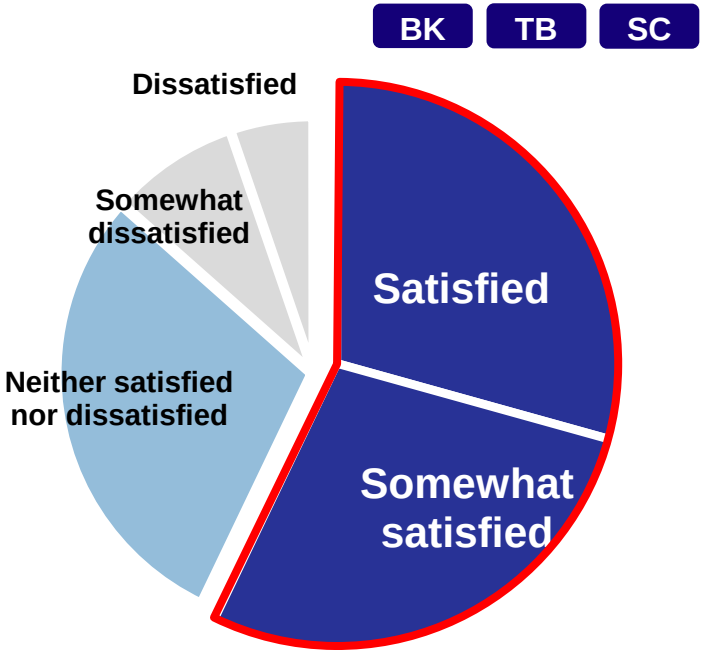
Positive and trustworthy public image with Regard to Sales Functions

- **Customer satisfaction survey**

We started the Customer Satisfaction Questionnaire Surveys regarding our FD practices, with the aim of understanding customers' satisfaction levels in our asset management-related businesses, in addition to our current Customer Satisfaction Survey.

– We will set the results of the Customer Satisfaction Questionnaire Survey as KPI and disclose them in order to use them to further improve Mizuho's services based on the voice of customers.

Customer satisfaction survey (FY2017)
(Result of the overall content level of the questionnaire)



* Represents the overall level of satisfaction about the person in charge for BK and TB, along with the overall level of satisfaction for the company for SC

Services relatively satisfying the customers

- The promptness and appropriateness of our response to inquiries and requests from customers and the convenience in contacting sales personnel are highly evaluated.

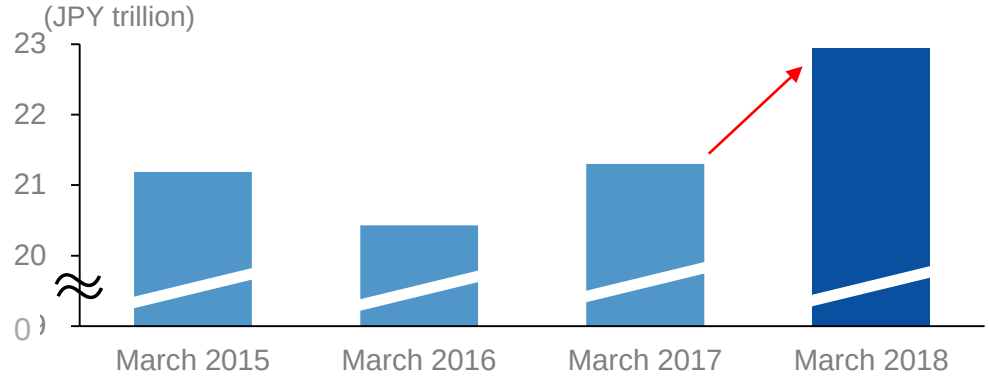
Services relatively not satisfying the customers

- There were some items that earned a relatively low level of satisfaction in the category of contact frequency, etc. We will continue to improve those items and make efforts to satisfy our customers.

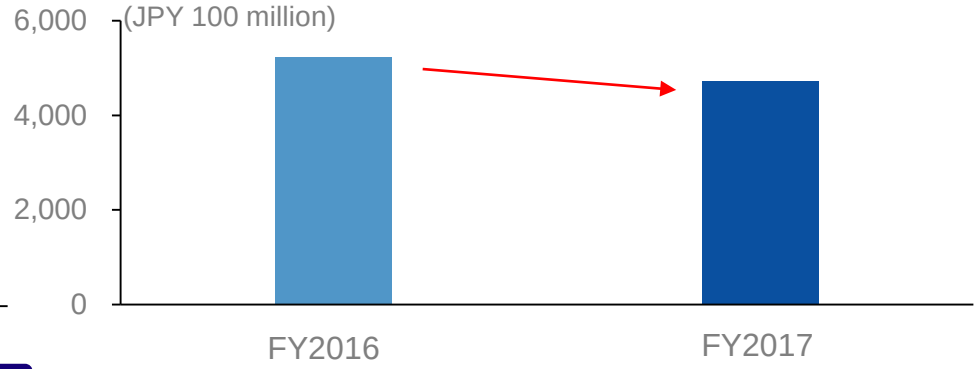
Results with Regard to Sales Functions

- The continuous provision of services that truly satisfy our customers can lead to trust and appreciation by such customers, and, as a result, this will increase the number of asset management transactions handled by the Mizuho group.
- As a manifestation of the trust and appreciation given to us by Mizuho customers, we will set the following indicators as KPIs.

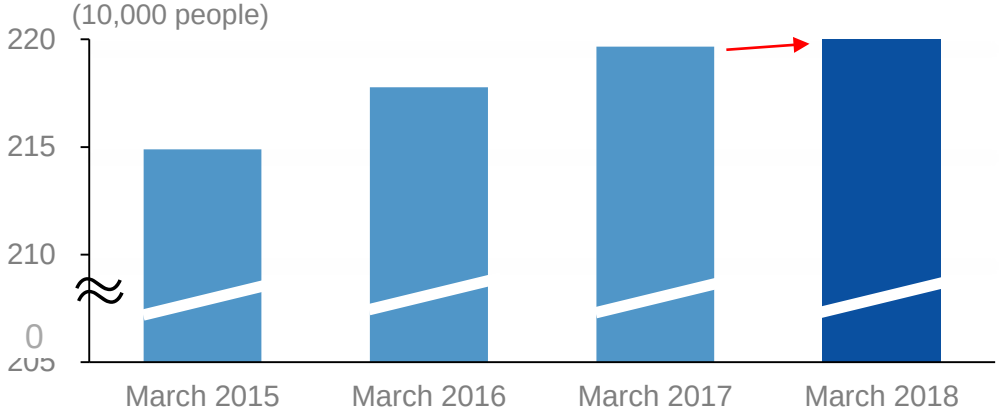
Balance of assets under management BK TB SC



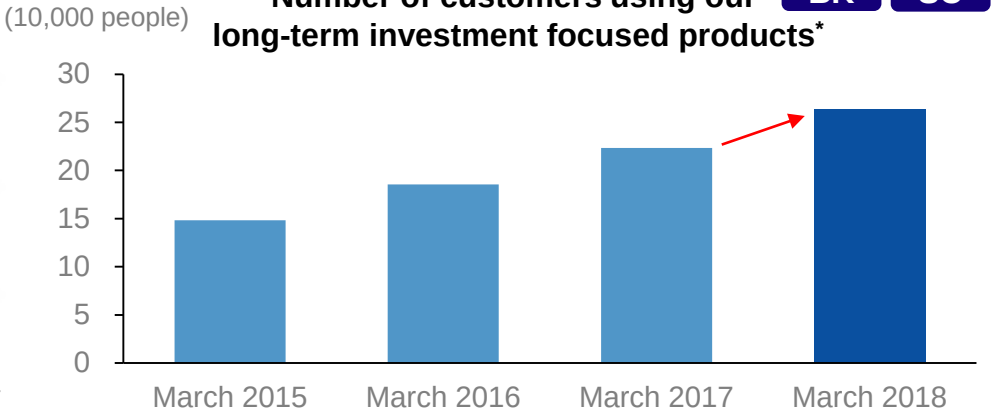
Increase in assets under management due to new investors BK



Number of customers using our investment products BK TB SC



Number of customers using our long-term investment focused products* BK SC



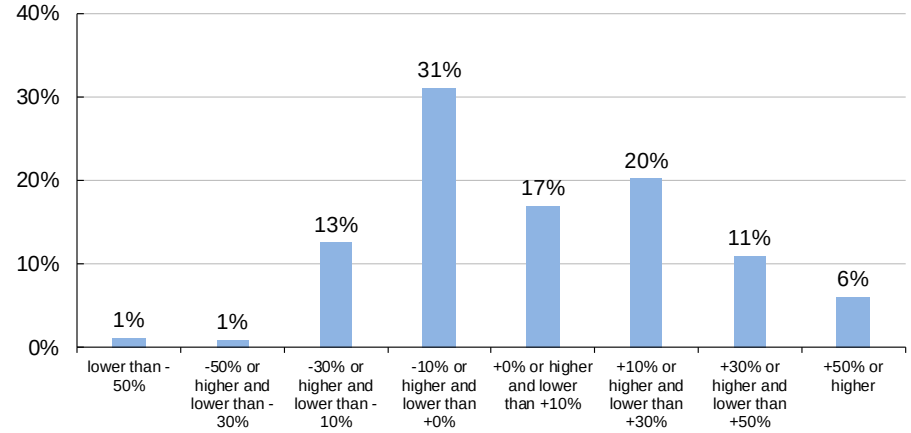
* Holders of accumulation-type investment trust funds (including the Tsumitate NISA), iDeCo, and equal-premium-payment insurance

Indicators Regarding Customer Returns

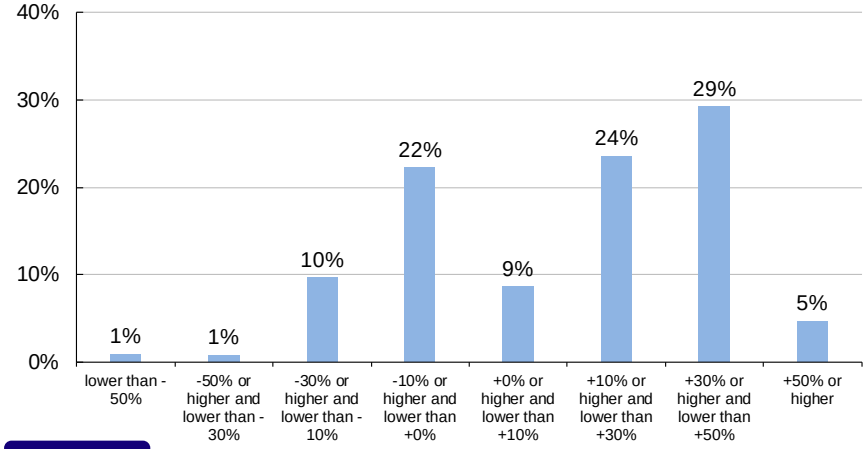
(1) Customer ratio by investment profit/loss from investment trust funds/fund wraps

- The charts below show the ratio of customers by profit/loss from the investment trust funds/fund wraps purchased by the customers.

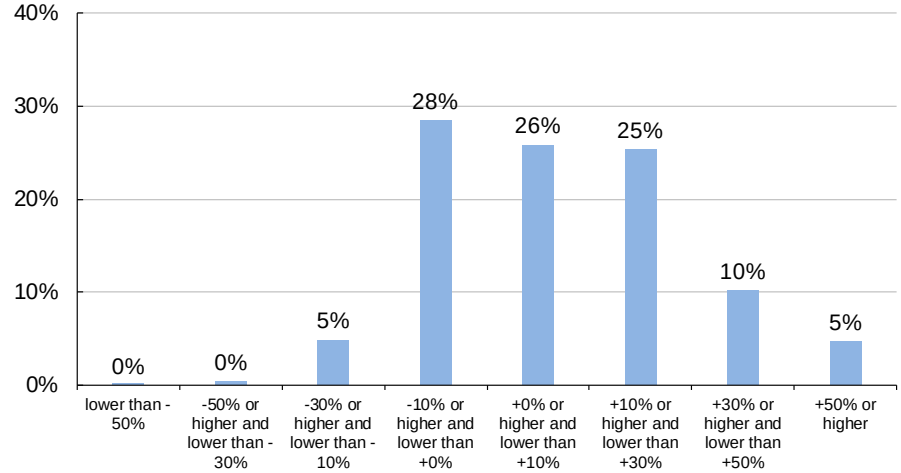
BK Investment trust funds



TB Investment trust funds

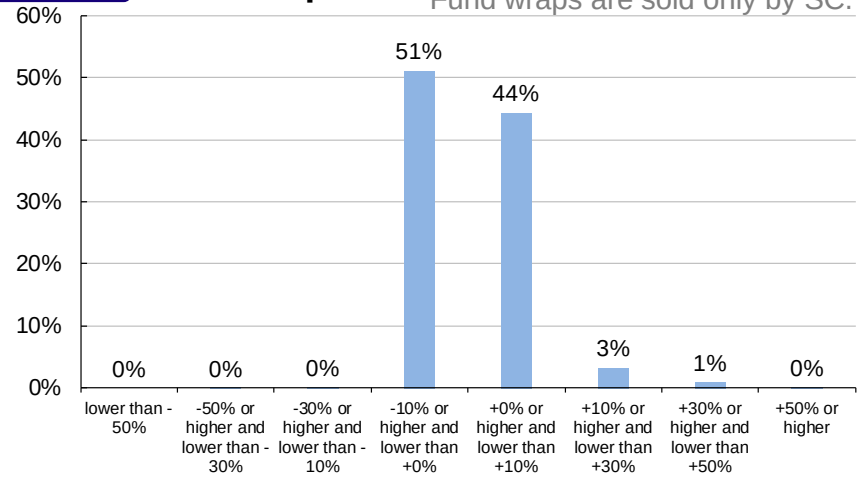


SC Investment trust funds



SC Fund wraps

Fund wraps are sold only by SC.



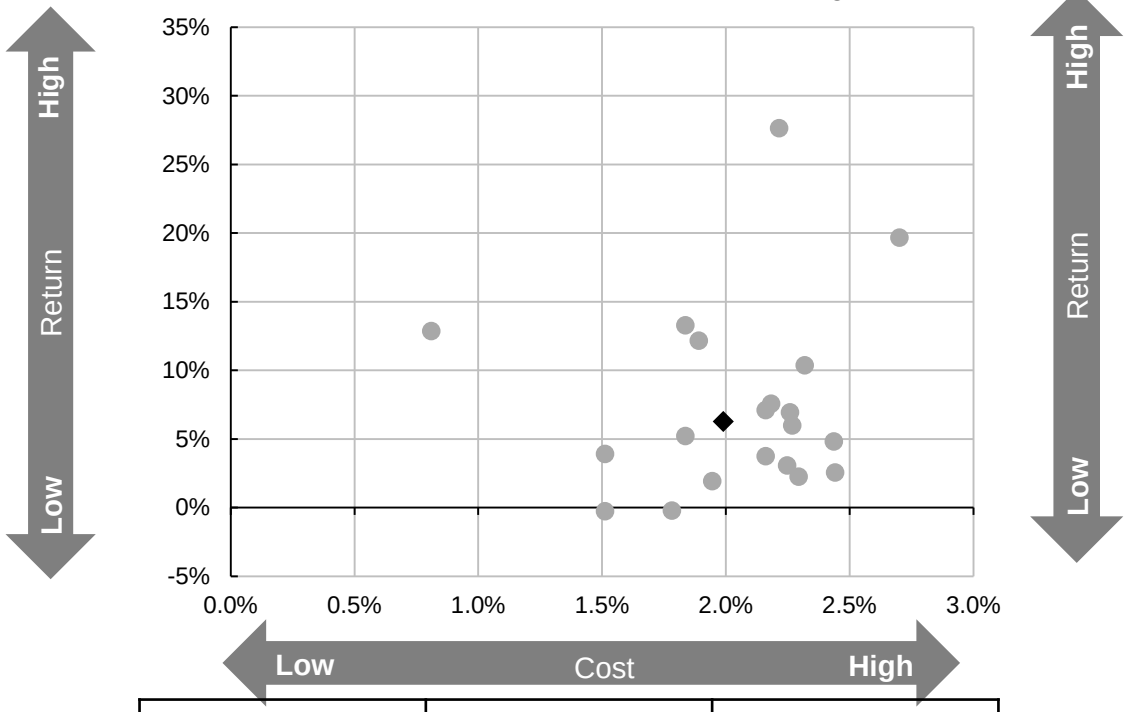
Distribution of each profit/loss ratio calculated by dividing the total return based on the total return notification system for investment trust funds by appraisal amount on the base date; ETFs, listed REITs, bond investment trust funds, and investment trust funds purchased by the defined contribution pension plan are not included.

Indicators Regarding Customer Returns

(2) Cost vs. return of the best-selling investment products in terms of balance of investment trust assets under management/(3) Risk vs. return

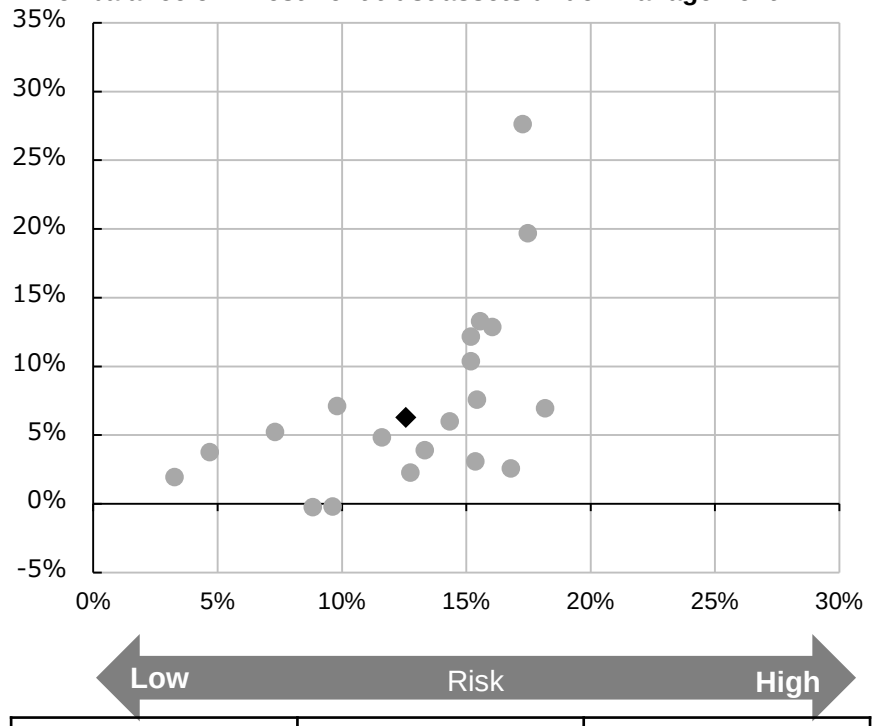
- The charts below show the returns to cost or risk of the top-20 investment trust funds purchased by customers in terms of balance of funds.

Cost vs. return of the best-selling investment products in terms of balance of investment trust assets under management



Weighted average of the balance	Cost	Return
	1.99%	6.28%

Risk vs. return of the best-selling investment products in terms of balance of investment trust assets under management



Weighted average of the balance	Risk	Return
	12.57%	6.28%

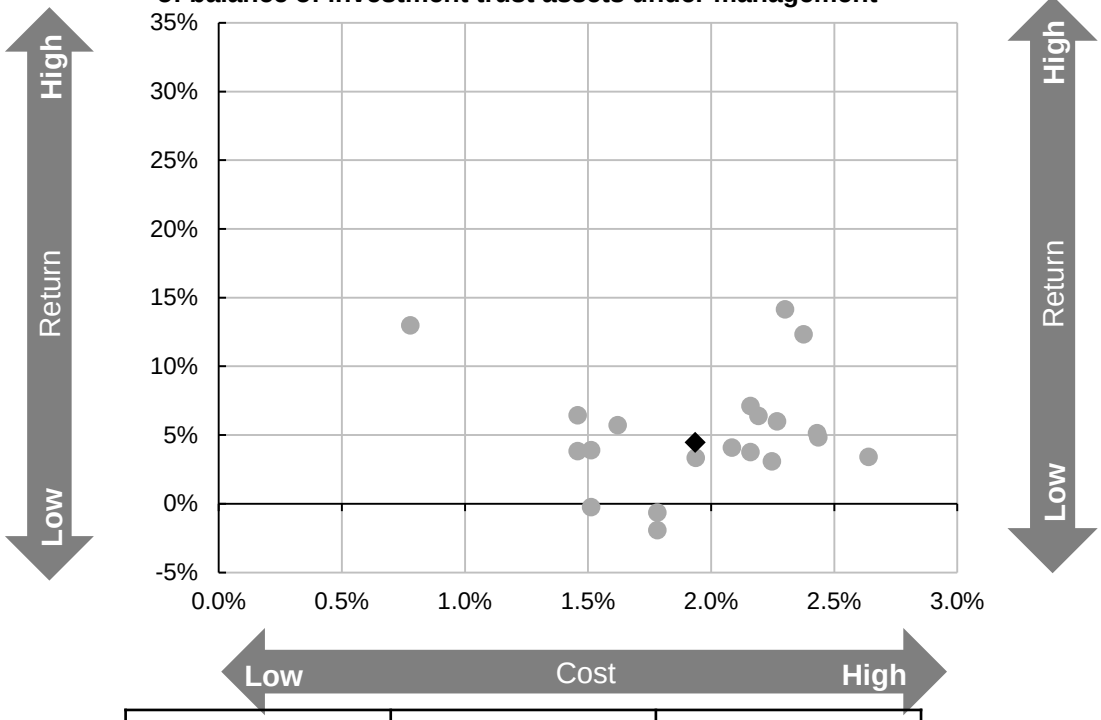
Funds in scope: Top-20 investment products in terms of balance at BK (over-the-counter transactions, brokerage transactions, referral transactions) among the investment trust funds for which five years or more have elapsed after establishment (The ◆ mark means the weighted average of the 20 investment products.)
Note 1: DC exclusive funds, funds exclusively for fund wraps, ETFs, listed REITs, bond investment trust funds, and investment trust funds denominated in foreign currency are not included.
Period: From the end of March 2013 to the end of March 2018
The returns and risks are those of the annual rate, calculated based on the monthly data of the base amount for the reinvestment of dividends.
The cost is the Commission at the point of sale / 5 + asset management fees (annual rate). The fees at the point of sale are the maximum rates at BK, and the asset management fees (annual rate) are the actual maximum asset management fees stated in the prospectus.
Note 2: The information above will not suggest or guarantee the return or risk of any investment trust fund managed by BK in the future.

Indicators Regarding Customer Returns

(2) Cost vs. return of the best-selling investment products in terms of balance of investment trust assets under management/(3) Risk vs. return

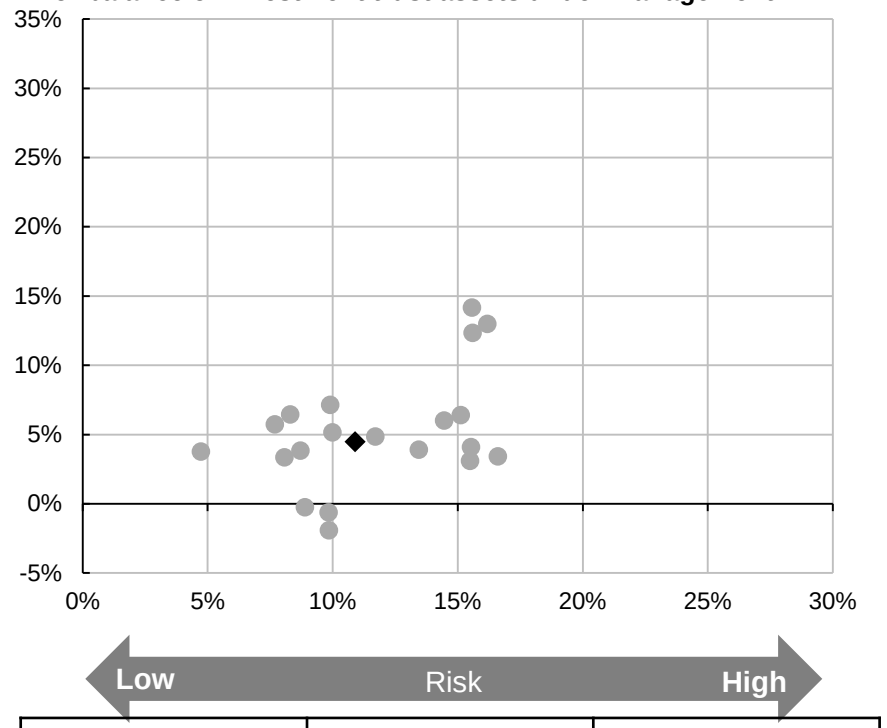
- The charts below show the returns to cost or risk of the top-20 investment trust funds purchased by customers in terms of balance of funds.

Cost vs. return of the best-selling investment products in terms of balance of investment trust assets under management



Weighted average of the balance	Cost	Return
	1.94%	4.46%

Risk vs. return of the best-selling investment products in terms of balance of investment trust assets under management



Weighted average of the balance	Risk	Return
	10.90%	4.46%

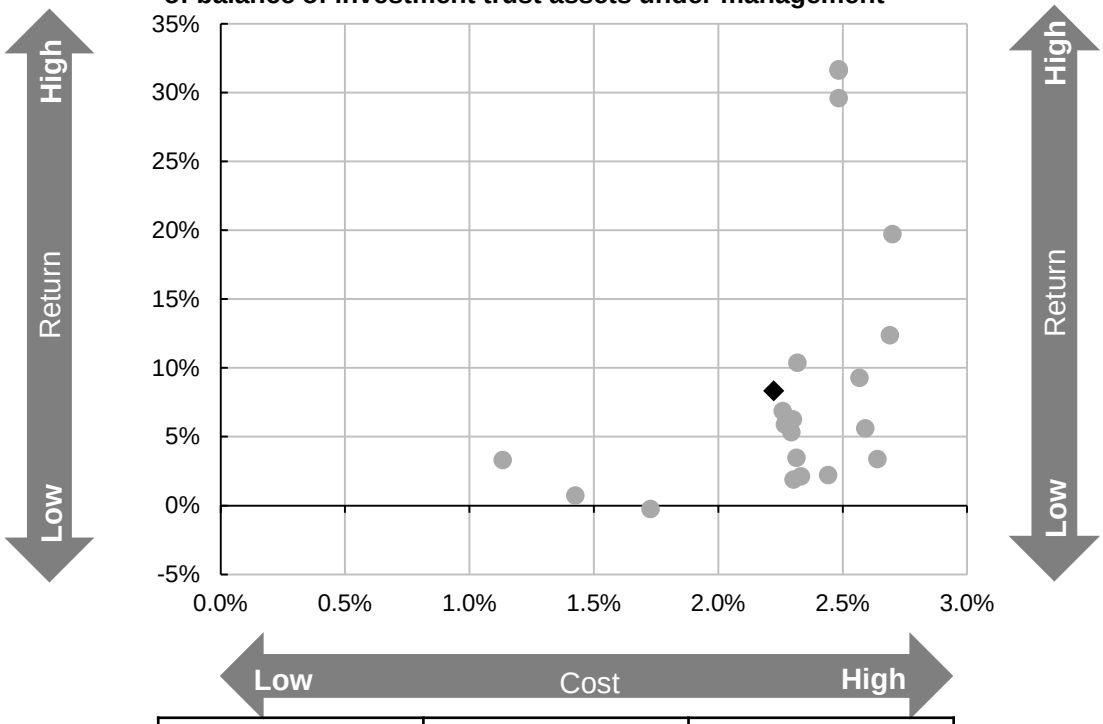
Funds in scope: Top-20 investment products in terms of balance at TB (over-the-counter transactions, brokerage transactions, referral transactions) among the investment trust funds for which five years or more have elapsed after the establishment (The ◆ mark means the weighted average of the 20 investment products.)
Note 1: DC exclusive funds, funds exclusively for fund wraps, ETFs, listed REITs, bond investment trust funds, and investment trust funds denominated in foreign currency are not included.
Period: From the end of March 2013 to the end of March 2018
The returns and risks are those of the annual rate, calculated based on the monthly data of the base amount for the reinvestment of dividends.
The cost is Commission at the point of sale / 5 + asset management fees (annual rate). The fees at the point of sale is the maximum rate at TB, and the asset management fees (annual rate) are the actual maximum asset management fees stated in the prospectus.
Note 2: The information above will not suggest or guarantee the return or risk of any investment trust fund managed by TB in the future.

Indicators Regarding Customer Returns

(2) Cost vs. return of the best-selling investment products in terms of balance of investment trust assets under management/(3) Risk vs. return

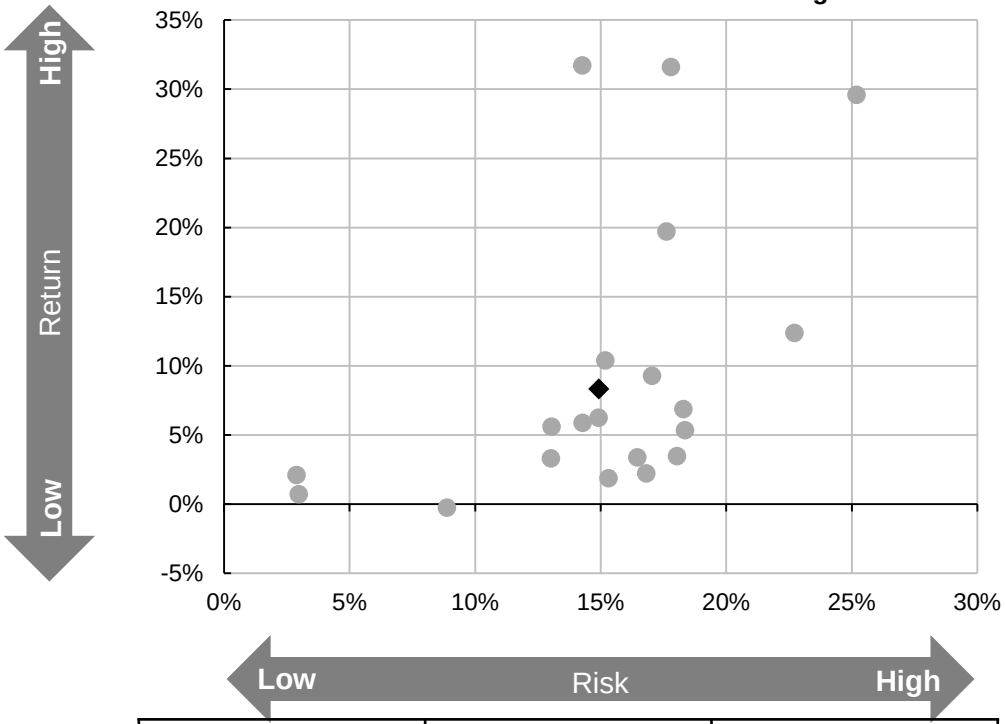
- The charts below show the returns to cost or risk of the top-20 investment trust funds purchased by customers in terms of balance of funds.

Cost vs. return of the best-selling investment products in terms of balance of investment trust assets under management



Weighted average of the balance	Cost	Return
	2.22%	8.32%

Risk vs. return of the best-selling investment products in terms of balance of investment trust assets under management



Weighted average of the balance	Risk	Return
	14.93%	8.32%

Funds in scope: Top-20 investment products in terms of balance at SC (over-the-counter transactions, brokerage transactions, referral transactions) among the investment trust funds for which five years or more have elapsed after the establishment. (The ◆ marks means the weighted average of the 20 investment products.)
Note 1: DC exclusive funds, funds exclusively for fund wraps, ETFs, listed REITs, bond investment trust funds, and investment trust funds denominated in foreign currency are not included.
Period: From the end of March 2013 to the end of March 2018
The returns and risks are those of the annual rate, calculated based on the monthly data of the base amount for the reinvestment of dividends.
The cost is Commission at the point of sale / 5 + asset management fees (annual rate). The fees at the point of sale are the maximum rates at SC, and the asset management fees (annual rates) are the actual maximum asset management fees stated in the prospectus.
* The information above will not suggest or guarantee the return or risk of any investment trust fund managed by SC in the future.

Reference: Indicators Regarding Customer Returns

Details of Investment Products Having a Top-20 Balance

- The following table shows the investment products having a top-20 balance among the investment trust funds purchased by Mizuho customers.

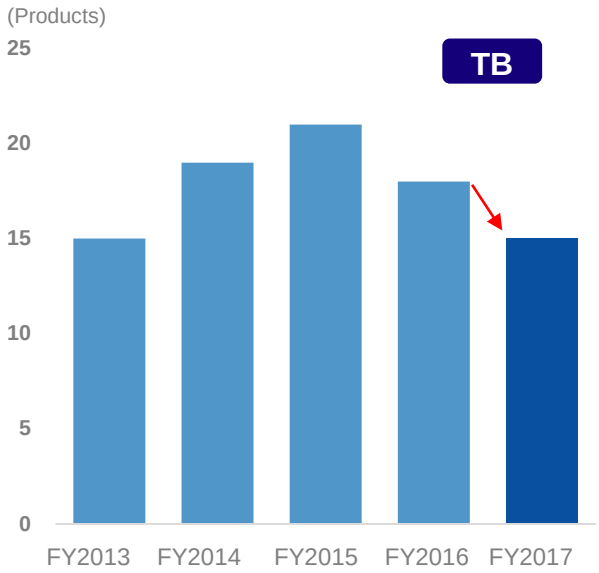
	BK	TB	SC
	ファンド名		
1	Mizuho Australian Dollar Bond Fund	Mizuho US High Yield Open B Course	Shinko US-REIT Open
2	Nikko LaSalle Global REIT Fund (Monthly Dividend Payment Type)	Goldman Sachs Monthly Distribution Bond Fund	Nissay Australia High Dividend Equity Fund（Monthly Settlement Type)
3	Mizuho US High Yield Open B Course	DIAM High Quality Income Open	Capital Group Global Equity Fund (JP)
4	PICTET GLOBAL INCOME STOCK FUND 1M	Nikko LaSalle Global REIT Fund (Monthly Dividend Payment Type)	Shinko J-REIT Open
5	Mizuho J-REIT Fund	High-Grade Oceania Bond Open (Maitsuki Bunpai Gata)	Global Allocation Fund Monthly Distribution/Unhedged Course(Target Pay-out Type)
6	MHAM Equity Index Fund 225	Eastspring Investments US High Yield Corporate Bond Open	Emerging Growth Stocks Fund
7	Daiwa C&S US REIT Open B course (Currency Unhedged)	Pictet Global Income Stock Fund 1M	Global High Dividend Equity Select (Target Monthly Distribution / Unhedged)
8	Mizuho Attractive Dividend Japan Stock Open	Pictet Emerging Income Stock Fund	TMA NIPPON GLOBAL BOND FUND (Hedged)
9	DIAM High Quality Income Open	Goldman Sachs US REIT Fund (Course B) (Monthly Distribution, Unhedged)	Small-cap Fund
10	Nissay Australia High Dividend Equity Fund（Monthly Settlement Type)	Mizuho US High Yield Open A Course	Nikko LaSalle Global REIT Fund (Monthly Dividend Payment Type)
11	DIAM Australia REIT Open	Daiwa Stock Index Fund 225	DWS Euro High Yield Bond Fund BRL Course (Monthly Dividend)
12	MHAM Japan Growth Stock Open	Mizuho J-REIT Fund	netWIN Goldman Sachs Internet Strategy Fund (Course B, Unhedged)
13	Investment Sommelier Fund	Shinko US-REIT Open	Shinko Brazil Bond Fund
14	DWS Euro High Yield Bond Fund BRL Course (Monthly Dividend)	Daiwa Kou-kakutsuke Canada-dorusai Open (Maitsuki Bunpai Gata)	DIAM High Quality Income Open
15	DIAM Japan Value Equity Fund	MHAM Trinity Open (Monthly Distribution)	Hybrid Securities Fund-Japanese Yen course
16	Capital Group Global Equity Fund (JP)	GS Japan Equity Fund (Reinvestment)	Shinko Pure India Equity Fund
17	US High Yield Bond Fund AUD Course	Fidelity Japan Growth Fund	US High Yield Bond Fund BRL Course
18	World Eight Assets Fund Profit Distribution Course	DIAM Australia REIT Open	Shinko Global High Yield Bond Fund-BRL Course
19	Mizuho US High Yield Open A Course	US Strategic Income Fund B Course	MHAM Emerging Growth Stock Open
20	netWIN Goldman Sachs Internet Strategy Fund (Course B, Unhedged)	Nikko World Triple Fund (Property Bond Equity) Monthly Dividend Payment Type	Pictet Emerging Income Stock Fund（Monthly Distribution Type)

Performing our FD with Regard to Asset Management/Product Development Functions

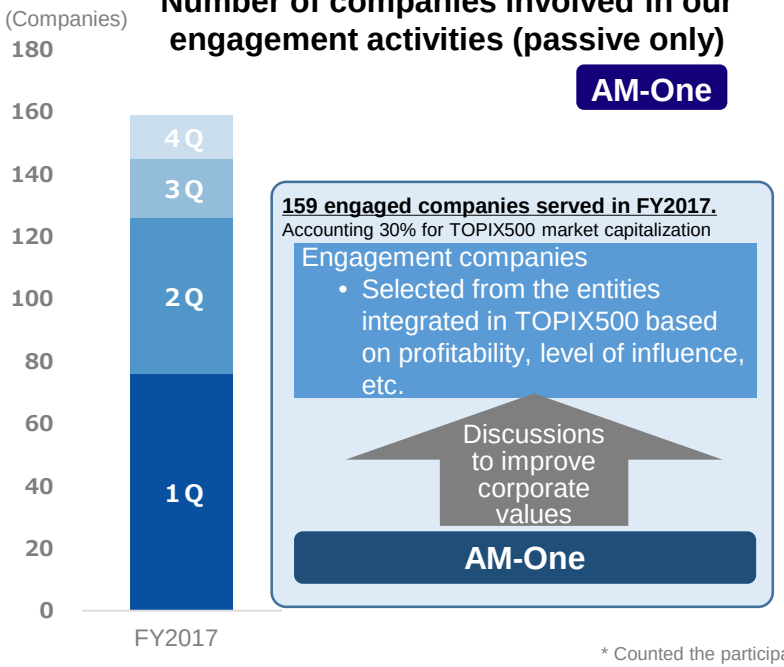
Progress of the main initiatives of FY2017

- **Development and improvement of investment products based on customers' needs**
  TB keeps working on its initiatives by setting the number of investment products developed/improved through information exchange with each asset management company and the utilization of an internal discussion framework based on customers' needs as appropriately understood by fiduciary management duties,* etc.
  * Providing diverse support for improvement in pension fund governance and operations relating to decision-making on investments
- **Enhancement of engagement activities**
  Further, AM-One has enhanced initiatives by setting the number of engaged companies as KPI to fulfill stewardship responsibilities properly as a responsible asset manager. The number of engaged companies as investees under passive investment was 159 companies in FY2017.
- **Customer-focused information provision and service enhancement**
  AM-One has enhanced initiatives, such as the provision of service and information useful for investment by holding investment seminars for customers.

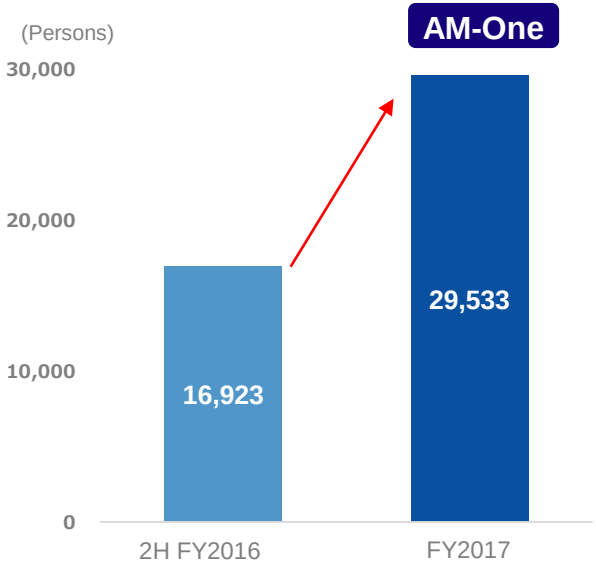
Number of products developed or improved (for pension trust customers)



Number of companies involved in our engagement activities (passive only)



Total number of seminar attendees



* Counted the participants of the seminars held after the establishment of AM-One (Oct. 2016)

Positive and trustworthy public image with Regard to Asset Management/Product Development Functions

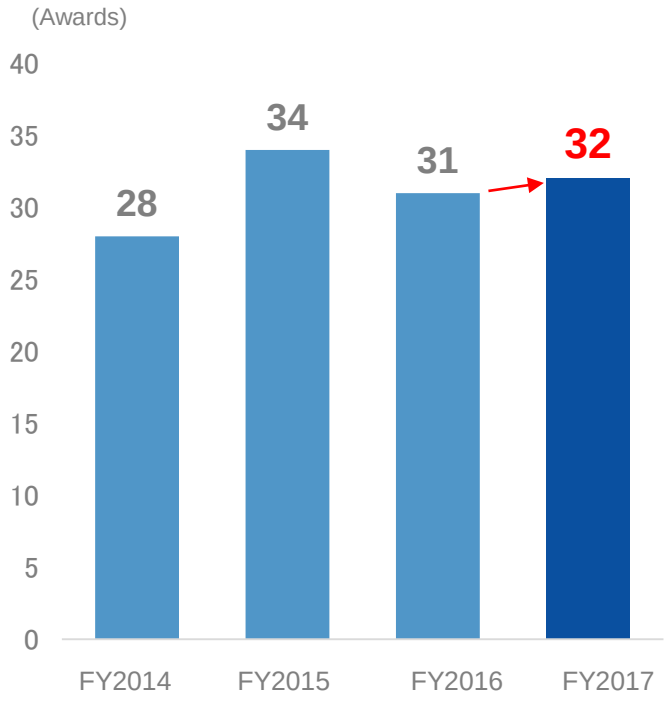
• Ratings by investment research companies

We will set the ratings by external investment research companies as KPIs and monitor them continuously to objectively recognize a rating as an asset management company.

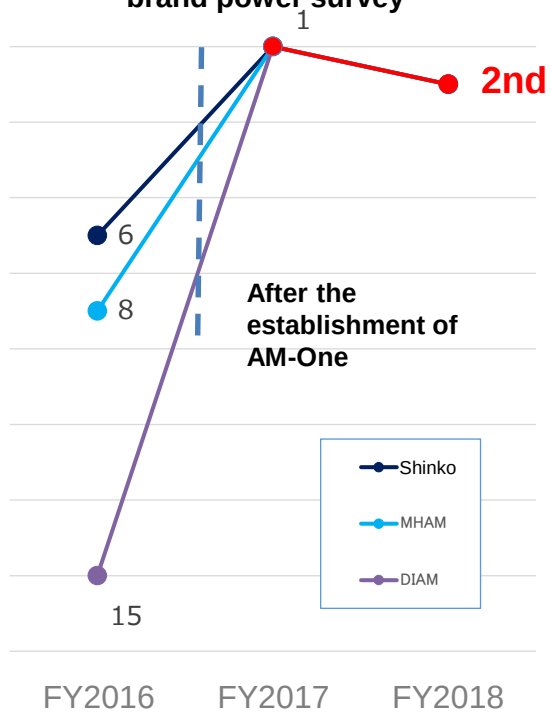
– We received 32 fund awards in FY2017, which we think proves that our capability in asset management/product was highly evaluated.

– We were highly evaluated in a brand power survey for asset management companies and investment trust fund company satisfaction surveys not only by providing products but also by proactively holding study sessions and seminars for retail customers and sales companies.

Number of fund awards

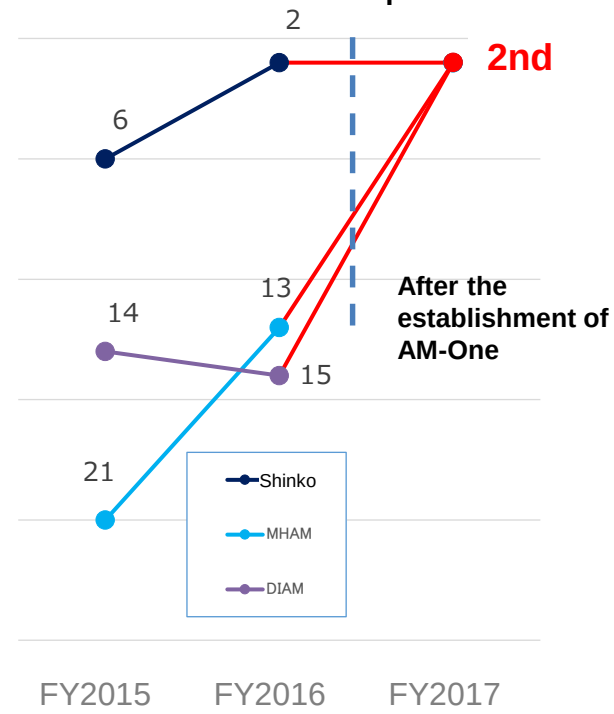


Ranking in an asset management company brand power survey



* Released in June 2018

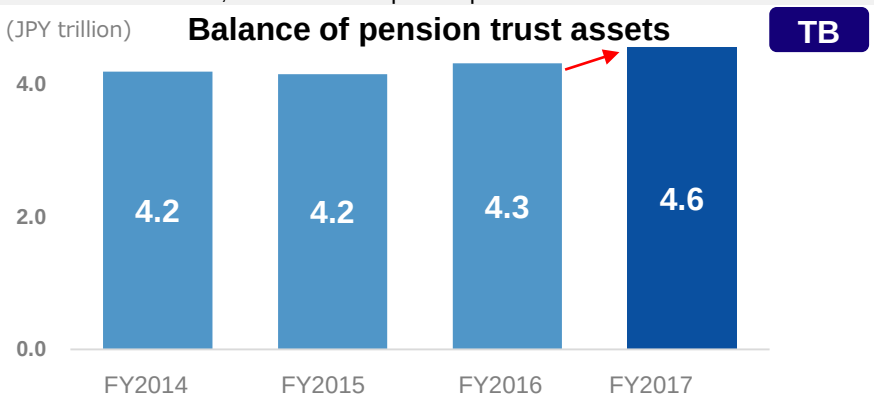
Ranking in survey of satisfaction among investment trust companies

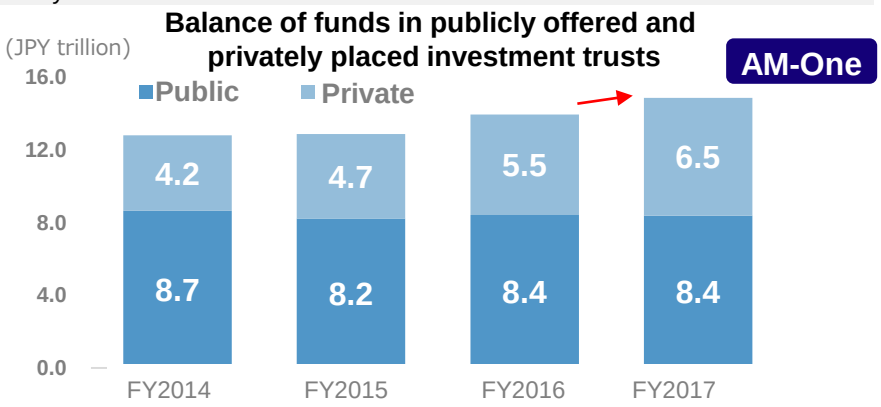


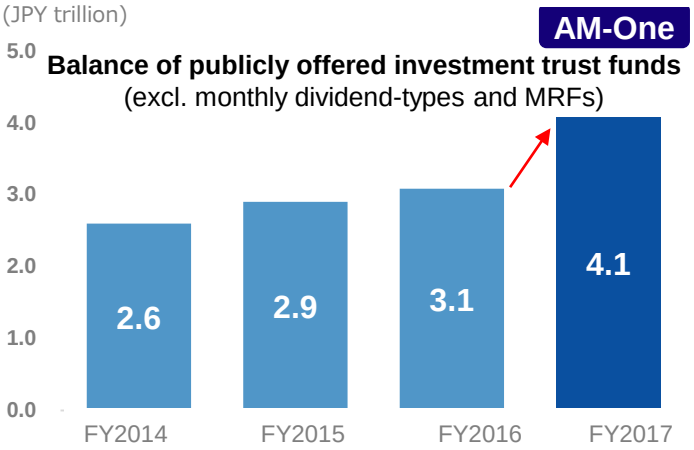
* (i) Number of fund awards : Source: Thomson Reuters, Lipper, R&I, Morning Star; (ii) Nikkin Brand Survey (answered by 187 companies): Prepared by AM-One based on "Asset Management Company Brand Power" by "Nikkin Investment Trust" published by Japan Financial News Co., Ltd.; (iii) Ranking in survey of satisfaction among investment trust companies (answered by 244 companies): Prepared by AM-One based on the "Fund Information" Issue No. 206, 230, and 256, issued by Rating and Investment Information, Inc. (R&I)
Note: Abbreviation in the graph – Shinko: Shinko Asset Management Co., Ltd., MHAM: Mizuho Asset Management Co., Ltd., DIAM: DIAM Co., Ltd.

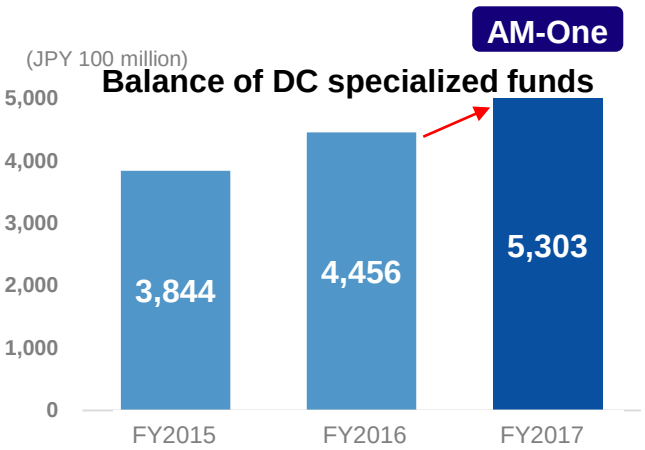
Results with Regard to Asset Management/Product Development Functions

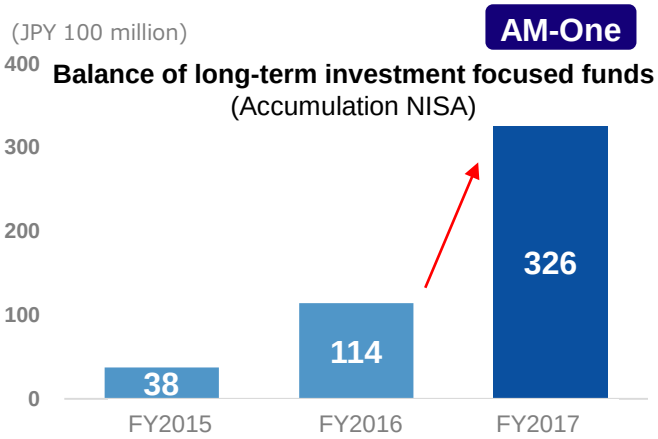
- **TB's balance of pension trust reached JPY 4.6 trillion in FY2017.**
  - Our balance of pension trust has kept increasing due to new transactions and requests for additional investment trusts from customers that have highly evaluated our consultative offers from both a design and implementation perspective and the practice of fiduciary duties.
- **As for the balance of investment trust funds managed by AM-One, that of publicly offered investment trust funds was JPY 8.4 trillion while that of privately placed investment trust funds was JPY 6.5 trillion.**
  - The balance of publicly offered investment trust funds of AM-One remained flat from the previous year. Although the balance of monthly dividend-type funds was reduced significantly, those of "publicly offered investment trust funds other than monthly dividend-type and MRF," "DC specialized funds," and "long-term investment focused funds" designed for the purpose of stable asset-building of customers and some other funds increased.
  - On the other hand, as we developed and provided products that met the investment needs of the customers (mainly financial institutions) under an environment of negative interest rates, the balance of private placement investment trust funds increased by appropriately JPY 1 trillion.









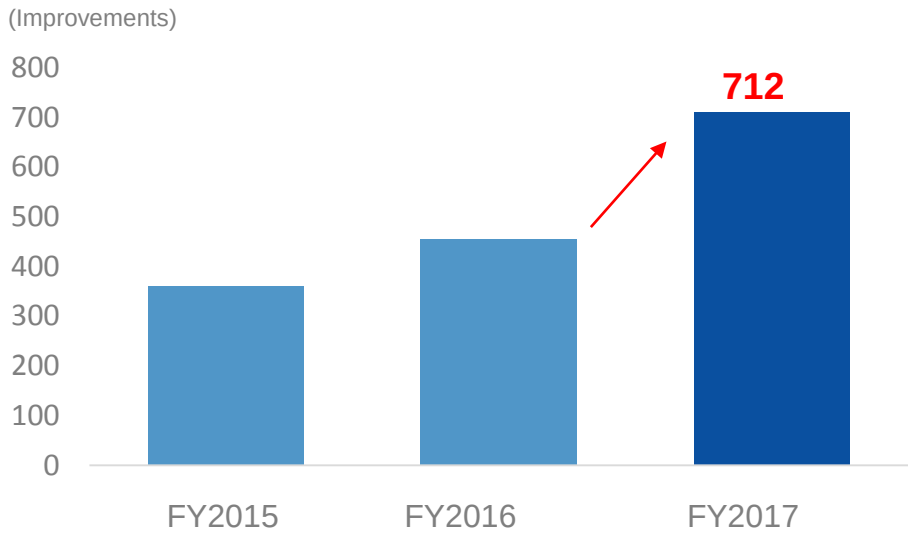


Performing our FD with Regard to Asset Administration Functions

Progress of the main initiatives of FY2017

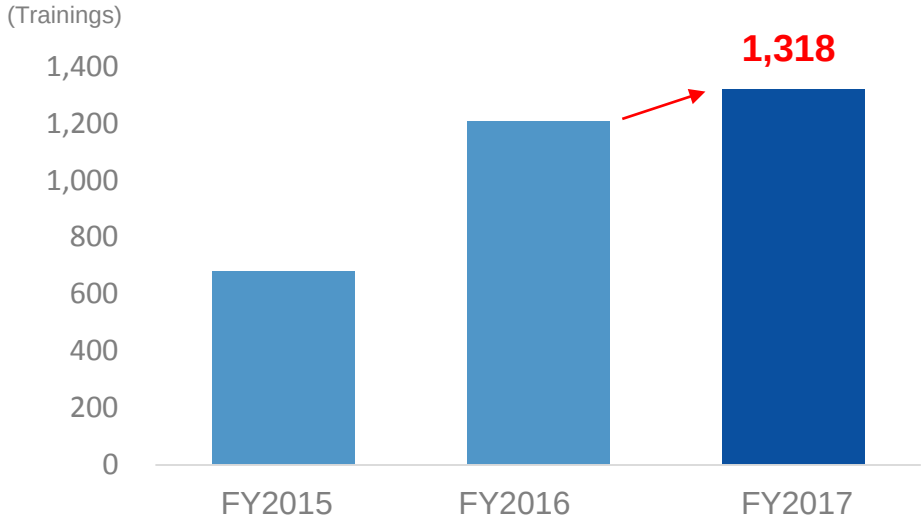
- **Strengthening of the system for providing asset administration services, improvement of service quality, development of new services, and the enhancement of information provision**
  - TB and TCSB jointly promoted actions to improve operational service quality.
  - We continued our initiatives to discover and improve issues and risks in operation procedures and achieved 712 improvements for the purpose of providing the best operation services to our customers.
  - We are also working on improving our service by developing our employer's expertise on asset administration through internal education/training and external seminars. We implemented 1,318 trainings in FY2017.

Number of improvements made to back office operations TB TCSB



* Number of activities working toward the improvement of the operation quality of asset administration services in each year

Number of training sessions TB TCSB

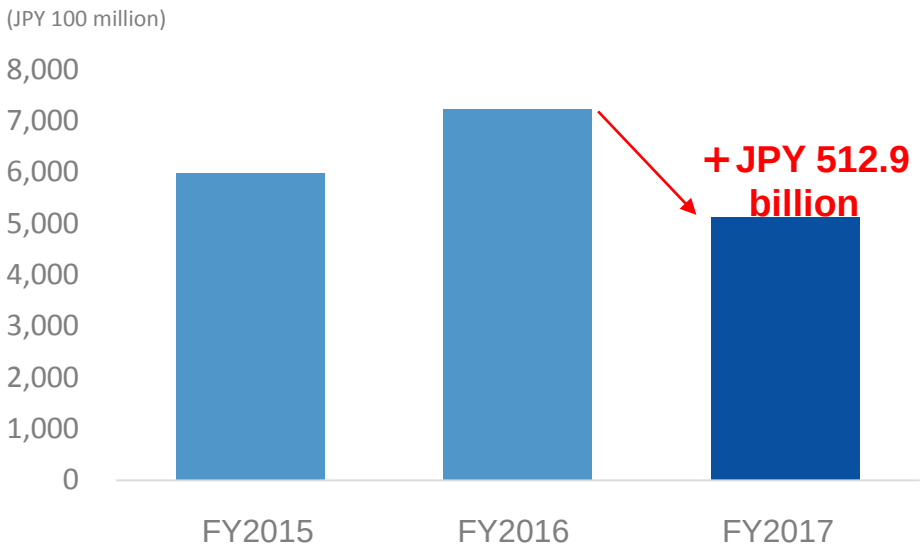


* Number of trainings held regarding asset administration in each year

Results with Regard to Asset Administration Functions

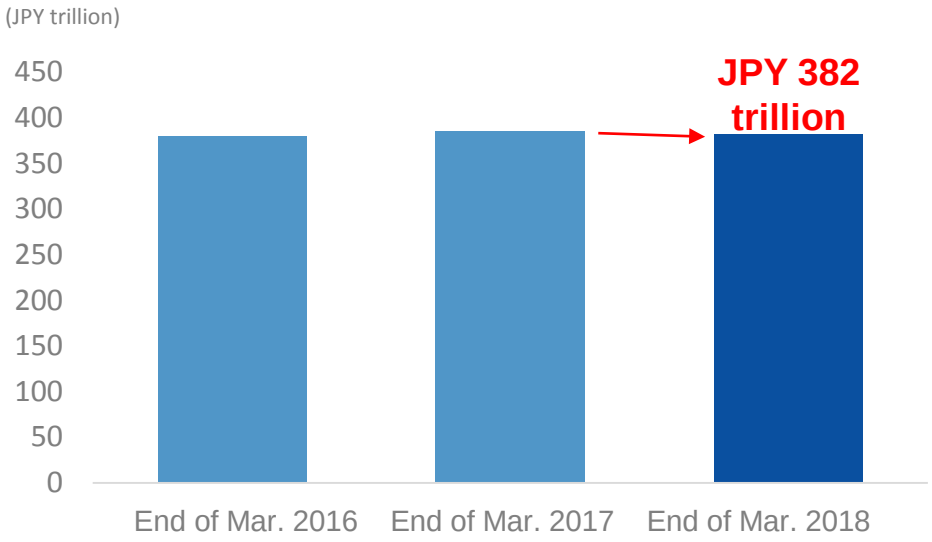
- Although the number of new publicly offered investment trust funds has been declining recently, TB accepted new funds of approx. JPY 512.9 billion yen by working on the provision of comprehensive consulting services and solutions.
- TCSB has maintained a high balance of assets under management as a result of the efforts for further improving asset administration services.

Balance of funds in new publicly offered investment trusts TB



* Net increase in new publicly offered investment trust funds (principal-based) in each year

Balance of assets under management TCSB



* Total balance of assets under management based on the trusted properties under management, regular agent contracts, etc.

Performing our FD with Regard to Group Management Policies

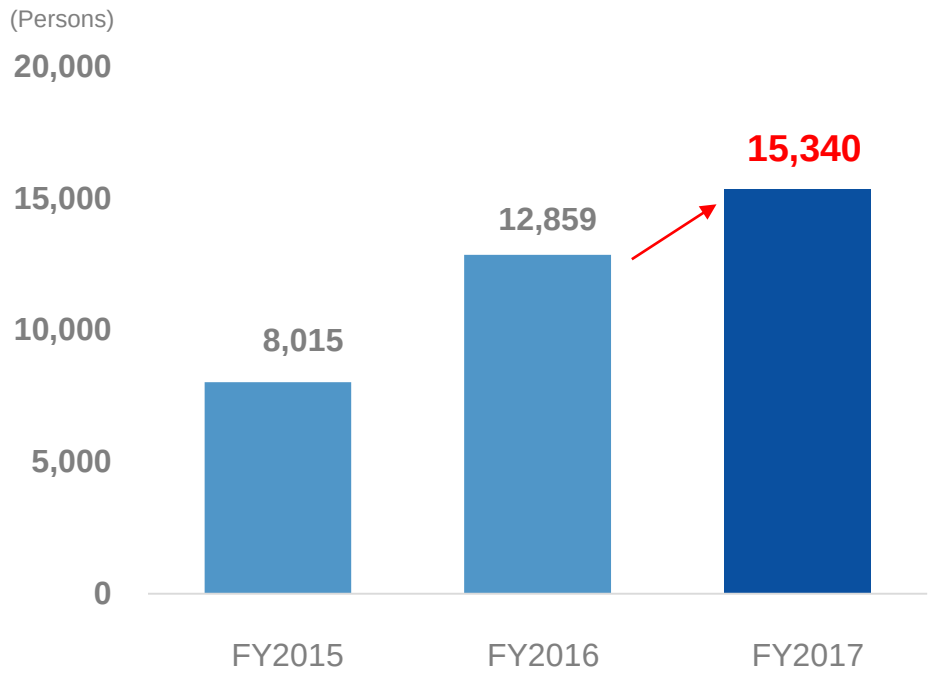
Progress of the main initiatives of FY2017

- **Responding to social needs for the improvement of financial literacy through support for financial education**

  Mizuho has been enhancing its initiatives by setting the number of participants in financial education as a KPI to push "shifting from savings to investments/asset-building" from the perspective of financial literacy improvement.

  — We are supporting two-tier financial education (entry and mid-level & high-level education) by leveraging our practical knowledge and know-how accumulated as a financial group. The number of participants in financial education provided by Mizuho has been growing since 2005, the year when we started our education initiatives.

Number of participants in financial education course



FY2018 Action Plan

FY2018 Action Plan with Regard to Group Management Policies

1. Corporate Governance

- We will maintain governance systems to ensure the appropriate levels of independence between the holding company and the group's asset management companies, and between the group's sales companies and asset management companies.
- The holding company and its group companies will provide regular reports on the status of compliance to the action plan at meetings of the board of directors and other similar functions.

2. Evaluating Performance

- We will build a performance evaluation system at the holding company and each group company to gauge how well we are fulfilling our fiduciary duties based on customer first (client-oriented) business management.

3. Rationality of Remuneration, etc.

- We will set rules and regulations for rational levels of remuneration, fees, and commissions, etc., according to the nature of the products and services provided by group companies to customers.

4. Monitoring Conflicts of Interest

- We will evaluate the effectiveness and suitability of monitoring of conflicts of interest and will continually work to implement improvements based on findings.

5. Solidifying Corporate Culture

- We will utilize incentive frameworks at group companies and internal communication initiatives to foster a corporate culture that encourages all employees and executive officers to be aware of and to fulfill their fiduciary duties.
- We will proactively use our knowledge and expertise as a financial services consulting group to support financial education to address the societal need for better financial literacy.

FY2018 Action Plan with Regard to Sales Functions

1. Building Appropriate Product Lines in Response to Customers' Needs

- We will establish a product provision structure by bringing together and fully utilizing the resources and functions of BK/TB/SC.
- We will improve the process employed to introduce, improve, and abolish products so as to maintain a high-quality product lineup that meets customers' needs, such as involving long-term investment perspectives.

2. Providing Investment Products to Customers via Consulting Services

- We will establish a structure in which we: 1) carefully listen to customers' needs in relation to the state of their assets/liabilities, 2) perform various analyses, and 3) accurately assess their tolerance of risk.
- We promote the provision of information that will provide our customers with clear, truthful, and non-misleading information so that the customer can find the right product for their needs.
- We will further improve the methods of making proposals and explaining products through the further standardization of the product offering process so as to provide high-value-added services to customers.
- We will pursue and promote the proactive use of the latest technologies so as to improve our methods of consulting according to the purchasing channels of customers, such as over-the-counter and via the internet, and to their diverse asset management needs.
- We endeavor to provide easy-to-understand information regarding commissions and to operate and improve monitoring for consulting processes.

3. Attentive Follow-up Service to Help Customers Achieve Their Goals

- We will further promote and enhance our provision of appropriate information and advice that assists customers in making appropriate investment decisions, through after-sales follow-up, such as: 1) confirmation of the state of customer assets with changes in the environment surrounding investment and 2) portfolio diagnosis based on the customers' respective goals with regard to investment.
- We will facilitate system solutions including the advancement of operations and the establishment of electronic forms and documents to further improve the accuracy of our business activities.

4. Laying Foundations to Help Customers Invest with Confidence and Steadily Build Their Assets

- We will enhance opportunities to provide various information and seminars that help to improve the financial and investment knowledge of our customers and to obtain market information in accordance with the purchase channel of our customers, such as over-the counter or via the internet, and with their needs for asset management.
- We will enhance the education of our sales personnel and improve the administration of their performance evaluations to ensure good and appropriate consulting in response to the diverse needs of customers regarding asset management.

FY2018 Action Plan with Regard to Asset Management/Product Development Functions

1. Enhancing Asset Management

- We will strategically develop personnel dedicated to asset management for the next generation, while utilizing external training programs, in order to provide high added values to customers in a continuous manner.
- We will further enhance asset management by improving the existing asset management methods and adding new subjects for investment.

2. Initiatives to Continuously Improve Product Quality and Develop New Products Based on Customers' Needs

- With our appropriate understanding of our customers' needs, including those of the ultimate beneficiaries, we will continue to develop and improve products through information exchange with each asset management company and through the utilization of internal discussion frameworks.

3. Enhancing the Provision of Information and Services from the Customer's Perspective

- We will enhance our portfolio analysis capabilities based on the needs of customers to improve the level of our consulting proposals.
- We will enhance our capabilities in providing useful information regarding investment by enriching the contents of seminars for customers.
- We will continuously provide appropriate information to customers from their investment perspective.

4. Strengthening Corporate Governance

- We will further enhance our initiatives as a responsible investor.
- We will introduce investment products that meet the needs of customers and contribute to improvement in the performance of customer investments and will establish a strict management framework.
- We will maintain and improve highly transparent, new product development processes.

FY2018 Action Plan with Regard to Asset Management/Product Development Functions

1. Enhancing Asset Management

- We will promote the enhancement of analytical capabilities through the reinforcement of asset management infrastructure so as to provide high-value-added products and services to customers.
- We will continue to work to improve our asset management methods so as to help our customers to steadily build their assets.

2. Initiatives to Continuously Improve Product Quality and Develop New Products Based on Customers' Needs

- We will continue to improve product quality through the enhancement of risk management.
- We will continue to provide appropriate information regarding asset management fees paid by customers.

3. Enhancing the Provision of Information and Services from the Customer's Perspective

- We aim to improve customer convenience such as in the enhancement of information provision via our websites.
- We aim to prepare easy-to-understand materials that can support our customers.
- We will endeavor to acquire high expertise regarding the financial products that we transact, and we will perform appropriate consulting to meet the diverse needs of customers.

4. Strengthening Corporate Governance

- We will establish an asset management structure and improve internal controls by placing the highest priority on our customers' best interests.

FY2018 Action Plan with Regard to Asset Management/Product Development Functions

1. Enhancing Asset Management

- We will strategically develop personnel dedicated to asset management for the next generation and promote the improvement of investment decision-making capabilities and analytical expertise in order to provide high added values to customers in a continuous manner.
- We will maintain the environment in which dedicated personnel can focus on providing more added values to customers by appropriately managing the processes with which the results of the strong commitment to the provision of added values to customers are fairly and strictly evaluated.
- We will promote initiatives that can contribute to improve the current asset management methods through such activities as research and analysis about AI and big data, and utilization of them in order to continue to provide optimal solutions for our customers' asset management needs.
- We will make efforts so that our asset management practices will contribute to improvement in the corporate values of investees and enhance the entire equity market through the engagement activities and exercise of voting rights from a long-term perspective.

2. Initiatives to Continuously Improve Product Quality and Develop New Products Based on Customers' Needs

- We will work to achieve the continuous improvement of product quality and product development by implementing appropriate risk management for products and by allocating asset management resources to the products that meet the needs of customers.
- We will clarify product characteristics and potential customers' attributes, based on which we will provide products that meet the needs of customers in collaboration with the sales companies.
- We will continue initiatives to reflect the customers' feedback into our product development and in the explanatory materials for customers.
- We will work to provide easy-to-understand information regarding the relationship between the fees paid by the customers and the services that we provide.

3. Enhancing the Provision of Information and Services from the Customer's Perspective

- We will provide timely information about the financial market and provide fine-tuned consulting services to meet the diverse needs of institutional investors in the changing market environment.
- We will provide information that is more useful for investment decision-making through seminars for customers and the enhancement of a support structure for sales companies. Further, in order to provide information that is easy to understand for customers, we will review and make necessary revisions to information content in a periodic manner.
- We will enhance the finance and investment education contents available on our websites. We will prepare content-rich educational material for investment that covers the perspective of retail customers on how to conduct investment according to their life plan.
- We will develop professional resources that provide information and services from the customer's perspective.

4. Strengthening Corporate Governance

- We will ensure and maintain independence from the holding company and the group's sales companies through effective functioning of the governance system such as the board of directors, the audit and supervisory committee, and the business policy committees such as the responsible investment committee.
- We will aim to maintain and improve the transparent development process of new products that meet the needs of customers.

FY2018 Action Plan with Regard to Asset Administration Functions

1. Strengthening the System for Providing Asset Administration Services

- We will continue to pursue the best practices in asset administration services.
- We aim to enhance infrastructure via well-planned system investment in order to respond appropriately to regulatory and system changes and new methods of asset management and new subjects of investment.
- We will strategically work on the development of “asset administration experts” for the next generation that have a high-level of expertise and IT skills by establishing extensive education offerings for our employees.

2. Initiatives to Improve Service Quality and Develop New Services

- We will respond to new methods of asset management and new subjects of investment in a prompt manner to proactively support the “new initiatives” of customers from an asset administration perspective.
- We will increase the points of contact with the customers so that their real voice, such as in needs for our asset administration and their evaluation of our services, is reflected in our business management strategies.
- We will set a level of asset administration fees that is appropriate in light of our service contents. We will also check the fee-setting process periodically and provide appropriate information on such.

3. Enhancing the Provision of Information in Support of Customers’ Investment Activities

- We will establish an effective framework to improve our information provision services to customers, such as release of information about regulations and systems of each country’s market and about the assets to be invested by the customers.