As a “financial services consulting group,” we aim to be the most-trusted partner in solving problems and supporting the sustainable growth of customers and communities.

Yasuhiro Sato
President & Group CEO
Member of the Board of Directors
Mizuho Financial Group, Inc.
As President & Group CEO of MHFG, I would like to express our deep appreciation for your continued interest in and support of our Group.

We announced a new medium-term business plan for the next three-year period starting from fiscal 2016, entitled Progressive Development of “One MIZUHO”—The Path to a Financial Services Consulting Group.

To enable you to gain a more in-depth understanding of Mizuho, including the spirit of the new medium-term business plan, I would like to provide an explanation of our plans.

First, let us take a look at the business model transitions that have been made in the financial industry. What we have positioned as Phase IV, or the decade of the 2010s, is a time of exploring a new business model after the Lehman Crisis. In the previous medium-term business plan, Mizuho presented a progressive business model, the “One MIZUHO Strategy,” which promoted the integrated strategy among banking, trust banking and securities functions. In preparing our new medium-term business plan, we gave consideration to creating a new business model that would take account of the management environment, the accomplishments and challenges under the previous medium-term business plan, the unchanging value as a financial institution and Mizuho’s Corporate Identity.

Although the world economy is likely to continue to grow, the slowdown in the rate of growth in the United States and in the emerging countries, such as China, will limit the overall economic growth going forward, and uncertainty about its future course is growing. While paying careful attention to the development of regulatory reforms of the global financial system, we are aware of the necessity for establishing a financial base supported by a balance sheet that is resilient against the uncertainties in the world economy, and by a sustainable and stable profit structure.

Also, in view of structural changes in the economic and social environment in Japan and overseas, including Japan’s declining birthrate and the aging and shrinking population, the globalization of business activities, continuing technological innovation, climate change and other factors, as a global financial services group with its base in Japan, we will help address and contribute to the solutions of a wide range of social issues. Consideration of these factors has given us a renewed awareness of the necessity of creating new business opportunities. Especially, in the midst of technological progress, the accelerating financial innovation, as exemplified by Fintech, has made clear the need to create new value for our customers by working together with selected third parties, and thereby establish unique competitiveness.
From the implications gained from our views of the management environment, we concluded that we would formulate a new medium-term business plan for creating a new business model as a “financial services consulting group” in order for us to effectively respond to possible changes in the business environment, maintaining and continuing the core value of the previous medium-term business plan, the “customer first” principle.

This new plan will further perfect and move our “One MIZUHO Strategy” to the next stage upward, which will lead us to support the sustainable growth of our customers and communities. This is the fundamental idea of the new plan.

Defining our objectives as being “a financial services consulting group – The most trusted partner in solving problems and supporting the sustainable growth of customers and communities,” we set five basic policies in the new plan, based on our risk appetite policy for the medium-term and business portfolio analysis. These policies were further specified as 10 basic strategies relating to business strategies, financial strategies and management foundations.

Furthermore, we set “fully implementing the ‘customer first’ principle” and “pursuing ‘operational excellence,’” as the two fundamental requirements for becoming a “financial services consulting group.”

**Accomplishments and Challenges to be Addressed under the Previous Medium-term Business Plan**

Under the previous medium-term business plan, One MIZUHO New Frontier Plan—Stepping Up to the Next Challenges, we focused on the actual needs of our customers, and, to respond effectively to their diverse and differing needs, we introduced a group management structure by which group-wide business units took the lead in formulating and promoting business strategies and initiatives for banking, trust banking, securities and other functions. Over the three years of the previous plan, under the banner of One MIZUHO, we positioned the “customer first” principle (customer-focused perspective) as a cornerstone of the plan and implemented our “One MIZUHO Strategy.” As a result, we met almost all of our financial targets and made progress toward reforming to a sustainable and stable profit structure. We also successfully enhanced our corporate governance by shifting to a “Company with Three Committees” and by strengthening the functions of the holding company.

On the other hand, as one of the Global Systemically Important Financial Institutions (G-SIFIs), we believe that it is necessary for us to further strengthen our capital base and establish a sustainable and stable profit structure through such measures as further cost structure reforms.

**New Medium-term Business Plan**

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**Achievements of Principal Financial Targets under the Previous Medium-term Business Plan**

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<tr>
<th>Profitability</th>
<th>Efficiency</th>
<th>Soundness</th>
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<tr>
<td><strong>ROE (Consolidated)</strong>&lt;br&gt;Approx. 9%&lt;br&gt;<strong>Target Figures of the previous Medium-term Business Plan</strong></td>
<td><strong>Group Expense Ratio</strong>&lt;br&gt;&lt;br&gt;Mid 50% range&lt;br&gt;Lower 50% level&lt;br&gt;&lt;br&gt;Approx. 25%&lt;br&gt;Approx. 22.1%</td>
<td><strong>Ratio of Cross-shareholdings against Tier 1 Capital</strong>&lt;br&gt;&lt;br&gt;25% or lower&lt;br&gt;Approx. 25%</td>
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<tr>
<td><strong>Consolidated ROE</strong>&lt;br&gt;Approx. 9%&lt;br&gt;Mid 9% range (Approx. 8.9%)</td>
<td><strong>Profitable income from customer groups</strong>&lt;br&gt;&lt;br&gt;Income from customer groups (2013-2016)&lt;br’en style=&quot;text-align: center;&quot;’&gt; ¥550 billion level&lt;br&gt;¥630 billion&lt;br&gt;¥200 billion (Cumulative Amount)&lt;br&gt;¥272 billion (Cumulative Amount)&lt;br&gt;33% level&lt;br&gt;50% level&lt;br&gt;50%&lt;br&gt;Mid 50% range&lt;br&gt;Lower 50% level&lt;br&gt;56.9%&lt;br&gt;Approx. 25%&lt;br&gt;22.1%</td>
<td><strong>Exposure Ratio (Banking Subsidiaries)</strong>&lt;br&gt;Approx. 25%</td>
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Fully Implementing the “Customer First” Principle (Customer-Focused Perspective)

Accompanying changes in the economy and society, customer needs are becoming increasingly diverse and more sophisticated year by year. To respond to these needs, we must forecast future trends in the economy and society from many different perspectives, and, as a partner of our customers in the medium-to-long term, we must always move with them and identify not only the needs and problems that are already apparent but also discover latent needs and problems that customers have not yet noticed. By offering customers appropriate and timely solutions, we will realize our objective of implementing the “customer first” principle. To put this into action, in addition to the three pillars of banking, trust banking and securities functions, we will fully deploy the consulting capabilities of the Group’s asset management function as the fourth pillar and research & consulting functions as the fifth pillar. With the top-quality services provided by these five pillars of our business activities, we will be positioned to offer a superior selection of consulting services.

Regarding the fourth pillar, on October 1, 2016, Mizuho plans to consolidate the asset management functions of several existing group entities into a new company, which will be named “Asset Management One.” The new company will fulfill its fiduciary duties* and, by strengthening its asset management and product offering capabilities through the merger, it will deliver solutions of the highest level that are in its customers’ best interests and aim to become the number one asset management company in Asia.

For the fifth pillar, we have brought together the full complement of our research and consulting functions to form a newly established Research & Consulting Unit as “One Think Tank.” By structuring think tank functions that are the best in Japan, we have differentiated our services in this field and will work to become the most trusted partner in solving the various challenges of our customers and communities.

Message from the Group CEO

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Formulation of the Medium-term Business Plan

**Environment**

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<th>Historical Awareness &amp; Necessity</th>
<th>Management Environment</th>
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<td>Phase IV of financial industry/unchanging value</td>
<td>Economy Competition Regulation</td>
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**Risk Appetite**

**Medium-term Risk Appetite Policy FY2016 to FY2018**

**Business Strategies**

- **Highly value the “customer first” principle and “asset quality” to establish sustainable and stable profit base through selection and concentration of risk-taking areas**
- **Expand and strengthen non-interest business to improve the risk-return structure**

**Financial Strategies**

- **Seek to attain a sufficient CET1 ratio to guard against any stress resulting from external environment change**
- **Strengthen foreign currency funding structure and balance sheet control**
- **Cross-shareholding disposal**

**Management Foundations**

- **Establishing governance measures for each customer segment by improving the management of the “Risk Appetite Framework” (RAF)**
- **Develop and establish risk culture**

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**Essence of the New Medium-term Business Plan**

**5 Basic Policies**

1. Introduction of the in-house company system
2. Selecting and focusing of business areas
3. Establishment of a resilient financial base
4. Proactive involvement in financial innovation
5. Embedding a corporate culture that encourages the active participation of our workforce to support a stronger Mizuho

**10 Basic Strategies**

**Business Strategies**

1. Strengthening our non-interest income business focused model on a global basis
2. Responding to the shift from savings to investment
3. Strengthening our research & consulting functions
4. Responding to Fintech
5. Promoting the “Area One MIZUHO” strategy

**Financial Strategy**

6. Controlling the balance sheet strategically and reforming the cost structure
7. Disposing of cross-shareholdings

**Management Foundations**

8. Completing implementation of the next generation IT system
9. Fundamental reforms of HR management
10. Continued initiatives towards embedding a corporate culture to support a stronger organization
What We Aim to Do

*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. The term appears—as a loan word in Japanese—in the Financial Service Agency’s Strategic Directions and Priorities.

Pursuit of “Operational Excellence”

The term “operational excellence” in some companies is used to mean primarily cost reduction and improvement in productivity. At Mizuho, however, we use the term to mean simplifying and streamlining daily activities, speeding-up of decision-making, reviewing the cost structure, and other activities to improve overall business efficiency. In addition, we have defined “operational excellence” to mean actively incorporating financial innovation, including Fintech, that will enhance the added value of customer services. To realize these objectives, we have recently formed an Operational Excellence Promotion Committee which I chair, and we are pursuing operational excellence on a group-wide basis.

Introduction of the In-House Company System

To thoroughly strengthen our “customer first” approach (customer-focused approach) and, to realize our goal of becoming a “financial services consulting group,” we have introduced a new in-house company system based on customer segments. This organizational reform has three objectives.

The first objective is to ensure consistency of strategy. The new in-house company structure, which will provide integrated banking, trust banking and securities functions seamlessly through the same in-house companies, will allow us to take more-consistent actions according to the attributes of each customer during all processes from the formulation of strategy at head office to its execution on the front lines.

The second objective is to speed up our decision-making processes and enhance the Group’s front-line capabilities. To this end, we reorganized our ten existing units into five in-house companies and two units. By making the organization simpler, we will realize streamlining of head office operations and faster decision-making, and by shifting more head office personnel to the front lines, we are aiming to further enhance the front-line capabilities.

The third objective is to clarify responsibility for profits. Having introduced in-house company ROE, we have clearly defined the responsibility of the heads of the in-house companies for profits. At the same time, we have delegated necessary authority to these heads of the companies for formulation of strategy, and allocation of managerial and human resources, etc.

We introduced the in-house company system to accomplish these three objectives, but the ultimate goal is to fully implement the “customer first” principle and effectively respond to the needs of our customers. Under a holding company structure, each in-house company will commit itself to deliver the best possible services to our customers to meet their actual needs in an integrated manner between the head office and front lines, among banking, trust banking and securities functions, and also along with asset management and research & consulting functions.

Embedding a Corporate Culture that Encourages the active participation of our workforce to Support a Stronger Mizuho

One essential element for creating a strong organization that can realize the goal of being a “financial services consulting group” is to take initiatives to embed a corporate culture that encourages active workforce participation.

To promote the active participation of the workforce, we will conduct a fundamental reform of our human resource management in order to motivate all employees to step forward in their own careers and to contribute to our organization, and to have them fully demonstrate their capabilities as much as possible by continuously helping them develop their expertise.

As for our efforts to establish and strengthen our corporate culture that is now putting down its roots as a result of our past initiatives, we will continue to encourage all employees to put the Mizuho Values* into practice, and to further promote internal communication.

*The values and principles shared by all of Mizuho’s internal stakeholders to pursue the “Vision”: Customer First, Innovative Spirit, Team Spirit, Speed and Passion.
Group Management Policy in Fiscal 2016
To further pursue the “customer first” principle in fiscal 2016, as we give due attention to the uncertainties arising from changes in the management environment, we will be working to initiate the in-house company system and move it on track. At the same time, by promoting specific measures to attain “operational excellence,” we will endeavor to realize our objective of being a “financial services consulting group” as we steadily implement the ten basic strategies set in the new medium-term business plan.

During the three years under the new medium-term business plan, in addition to an uncertain regulatory environment, financial institutions face a number of challenges affecting the management environment. These include an approaching paradigm shift marked by instability in the economic structure under which emerging markets were the drivers of growth, and by prolonged stagnation in natural resource prices, as well as the appearance of game-changing factors such as a new competitive environment in all financial services fields as a result of rapid development of financial innovations.

In Conclusion
During this environment, Mizuho is determined to fulfill its social responsibilities with a view to its unchanging value as a financial institution. This means that we must contribute to the economic and social development of the world, Asia and Japan, and that we must also proactively respond to the expectations of all our stakeholders, including our shareholders as well as our customers, our communities, our own management, staff and their families.

To rise to this task, we will continue to perfect the “One MIZUHO Strategy” by creating a new business model as a “financial services consulting group.” We will be fundamentally committed to maintaining close relationships with our customers through our sophisticated risk-taking capability and financial intermediary function and build the future of economies and societies as the most trusted financial partner in providing solutions for our customers and communities. Moreover, we will work to establish a sustainable competitive advantage, increase our corporate value and fulfill even greater social missions than ever before.

Note: The above contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. See the disclaimer at the bottom of page 3 of this Integrated Report for information regarding factors that could cause actual results to differ from those in the forward-looking statements.

Yasuhiro Sato
President & Group CEO
Member of the Board of Directors
Mizuho Financial Group, Inc.

July 2016