**Our Strategies for Value Creation**

**Asset Management Company**

Contribute to activating domestic financial assets through asset management business by fulfilling the highest level of fiduciary duties* and satisfying customer needs.

*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.

Head of Asset Management Company
Katsunobu Motohashi

**Newly established Asset Management One* will work together with Mizuho’s banking, trust banking, and securities functions to provide customers with products and services that will respond to a broad range of their needs**

* Newly formed Asset Management One will commence operations in October 2016 and bring together the asset management functions of the Group in a single company.

The Asset Management Company works together with its banking, trust banking, securities, and companies providing asset management to serve the needs of a wide range of customers, from individuals to institutional investors (pension funds, financial institutions, business corporations, etc.) by providing products and services of the highest quality.

A new asset management company will be formed from the integration of DIAM, the asset management functions of MHTB, MHAM, and Shinko Asset Management and will play a central role in the Company. This company will be established and begin operations in October 2016, named as “Asset Management One.”

Asset Management One will bring together their asset management know-how in the domains of investment trusts, investment advisory, trust banking, and life insurance. It will offer products and services that will aim to substantially increase customer satisfaction.

In addition, MHBK and MHTB are in charge of management and administration for DC pension plans*, which are long-term and tax-exempt asset formation scheme.

Furthermore, MHTB will administer DB pension plans*, while MHSC is responsible for management of wrap accounts*.

*1. Defined Contribution Pension Plan
*2. Defined Benefit Pension Plan
*3. Under wrap accounts, individual customers sign discretionary asset management contracts with securities companies or trust banks, and they provide services covering from asset management to administration services.
Key Aspects of the Company

Conditions in the External Environment
- Expansion of the range of tax-exempt asset formation scheme, including introduction of NISA* and DC pension plan reforms
- Ongoing shift from savings to investments
- Possibility that public pension payments may be cut in the future due to the decline in the birthrate and demographic aging of the population
- Introduction of a negative interest rate policy by the Bank of Japan

* NISA: Small-lot, tax-exempt investment accounts

Issues for Mizuho
- Strengthen its capabilities for providing products and services to accelerate the shift “from savings to investments” among individual customers
- Strengthen the offerings of high-value-added products and services, as well as its consulting functions, for institutional investors

Mizuho’s Strengths
- Strong capabilities for asset management and product offerings of Asset Management One in which Mizuho’s asset management know-how in investment trusts, investment advisory, trust banking, and life insurance were integrated

New Medium-term Business Plan for the Company (FY2016 through FY2018)

Developing product capabilities, which is the driver for the asset management business

The Company will contribute to the vitalization of household financial assets through providing high-quality products and services that draw on the strengths developed in a variety of business lines of the companies to be integrated into Asset Management One, and develop investment products which will be suitable to medium- to long-term asset building for individual customers who need stable asset formation and solutions for coping with negative interest rate as well as products which can substitute for deposits, thus encouraging a shift “from savings to investments.”

For institutional investors who have sophisticated asset management needs such as further portfolio diversification and stabilization and identifying alternatives to investments in government bonds, the Company will make full use of the management know-how of Asset Management One.

In addition, in the pension business, it is expanding its service offerings along with its consulting functions.

Net Business Profit for Fiscal 2018 (Plan)

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<thead>
<tr>
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<th>FY2015 (Results)</th>
<th>FY2018 (Plan)</th>
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<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(billions of ¥)</td>
<td>22</td>
<td>30±</td>
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<tr>
<td>*Before head office expense deduction</td>
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Net Inflow of Publicly Offered Stock Investment Trusts (excl. ETFs*)

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<tr>
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<th>FY2015 (Results)</th>
<th>FY2018 (Plan)</th>
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<tbody>
<tr>
<td>(billions of ¥)</td>
<td>800</td>
<td>1,200</td>
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<tr>
<td>*Exchange Traded Funds</td>
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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.
Our Strategies for Value Creation

Major Strategies under the New Medium-term Business Plan

Developing product capabilities
- Offer products that respond to the needs of depositors under a negative interest rate environment and that meet the requirements of institutional investors for ESG*1 and engagement*2
  *1.  An abbreviation for environment, society, and governance, which is one of the criteria used by investors for selecting investees
  *2.  “Having constructive dialogue” with investee companies to encourage them to increase their corporate value and attain sustainable growth

Focusing on investment trust business
- Provide optimal asset management services that respond to customer needs through group-wide collaboration

Expand services for the pension business
- Strengthen consulting functions for pension funds
- Address reforms in the pension systems, including the DC pension system for individuals

Value for customers
- Respond to the increasingly diverse and sophisticated needs of institutional investors and provide proactive asset management support for individuals’ asset formation efforts

Value for society
- Contribute to future expansion of national wealth, supply funds for growth to companies, and work toward realizing a virtuous circle in the economy by promoting the shift “from savings to investments”

Providing Solutions that Support Sustainable Growth of Customers and Society

Develop and offer asset formation products that will provide a bridge for individual customers to shift “from savings to investments”

In view of the declining birthrate and aging of the population, there is a strong possibility that the level of payments from public pensions may erode. Accordingly, it will become increasingly important for individuals to build their asset portfolios through asset management on their own initiative.

According to the “2014 Actual Valuation of the Employees’ Pension Insurance and the National Pension,” prepared by Japan’s Ministry of Health, Labour and Welfare, the income replacement ratio* was 62.7% in fiscal 2014, but the outlook is for a gradual decline to 50.6% by fiscal 2043. In addition, it is necessary to consider the possibility that cash and deposits set aside by individuals for their retirement would be eroded by inflation.

In view of this pension market environment, to meet the medium- to long-term asset formation needs of individual customers, Mizuho is working to develop and offer asset management products that will lead to the shift “from savings to investments.”

In addition, through these initiatives, we will contribute to vitalizing domestic financial assets.

* This ratio shows the amount of public pension payments that pensioners receive when they begin to receive pensions at age 65, compared with the cash salaries received (including bonuses) of persons of working age.
Review of Fiscal 2015

For individual customers, we offered investment trust, fund wrap, and other products to meet their needs for medium- to long-term asset formation. For institutional investors, we offered advice on asset allocation and the combination of asset management strategies based on analysis and evaluation of their portfolios.

Also in the DC pension plan business, Mizuho is in the top ranks in terms of the number of subscribers and assets under management in corporate-type DC pension plans.

Decided to Integrate Group Asset Management Functions: Birth of a Leading Asset Management Company in Asia

The company’s name, “Asset Management One,” represents our vision of becoming the number one asset management company in terms of customer trust by providing a higher level of satisfaction through the collaboration among the four companies integrated into the new company. Furthermore, the new name also represents our aim to become the number one asset management company in Asia and become competitive with the largest global asset management companies.

The establishment of Asset Management One will mark the birth of an asset management company that is outstanding quality and quantity. In terms of quality, in the public investment trust and investment advisory, it will offer various funds that have been highly regarded by third parties. In terms of quantity, Asset Management One will have assets under management (AUM) of ¥52 trillion, which will make it a top-class AUM in Asia. It will also result in the top ranks in terms of funds entrusted from Japan’s GPIF*, which is the largest public pension fund in the world.

*1. Government Pension Investment Fund
*2. As of March 31, 2015 (Source) GPIF

TOPICS

Capital and business alliance with Matthews Asia*

Mizuho entered into a strategic capital and business alliance with Matthews Asia, which is an independent, privately owned firm and the largest dedicated Asia investment specialist in the United States. The alliance will enhance Mizuho’s capabilities to respond to customers’ needs as well as expand Mizuho’s global asset management platform. Mizuho will work to expand the lineup of competitive investment products that cover the pan-Asia region.

*Brand name for Matthews International Capital Management