

A Message from the Group CEO



I would like to begin by expressing my deepest thanks to our customers and other members of the domestic and international communities for their support and warm words of encouragement following the Great East Japan Earthquake in March 2011. Along with the rest of the business community in Japan, we are working to overcome this unprecedented crisis by providing our full support to our customers and contributing to the recovery of the affected regions.

Taking this opportunity, I would like to reiterate our deepest apologies to all of our customers and to everyone who has experienced any inconvenience caused by the computer system failures of our group in March of last year. Regarding our Business Improvement Plans which were submitted in June 2011, we have developed “countermeasures regarding system functions,” including the reorganization of large volume data processing capabilities. Together with these measures, we have also conducted a comprehensive inspection of systems risk at all group banks to prevent the recurrence of similar failures, and are working to further substantially enhance our systems risk management capabilities. We are also in the midst of reviewing and making major “improvements of the response mechanism upon the occurrence of a crisis.” We will continue to bear in mind a lasting understanding of the public mission of financial institutions that bear responsibilities for the settlement system and take all necessary measures to ensure the stable operations.

Reviewing the recent economic environment, there is instability in the financial system against the backdrop of the fiscal problems experienced by the United States and certain countries in Europe, which is gradually impacting the real economy. Thus, the economic growth in developed countries has started to slow, and the debt problem in the euro area, which was formerly described as “sovereign debt problem in peripheral euro area countries,” has become the “financial problem in major EU countries.” It is beginning to have an impact on the U.S. money and capital markets and is casting a dark shadow on the global economy as a whole. Although in Asia, the expansion of domestic demand in China has been underpinning the strong economic growth of neighboring nations, concerns about the slowdown of western nations has brought signs of a slowdown in economic growth in the region.

In Japan, despite the continuing recovery from the sharp decline in the economy resulting from the impact of the Great East Japan Earthquake, the downward swing in the overseas economies, the prolonged appreciation of the value of the yen against other currencies, and other factors, are leading to rising uncertainty in Japan and overseas that will necessitate increased attention.

Looking ahead, external factors such as the prolongation of the European debt problem and the economic slowdown in developed countries, as well as a failure to solve domestic issues, such as the constraints created by electricity shortages, are likely to increase the risk of a downward swing in Japanese economy. In addition to these changes in economic conditions, the environment for financial institutions is changing along with the ongoing revision of financial regulations around the world and other factors.

Progress in “Mizuho's Transformation Program”

Amid this environment, we are taking aggressive initiatives to strengthen the three areas cited in “Mizuho's Transformation Program,” which was announced in May 2010. Although certain issues still remain to be addressed, we believe we have made a steady progress in enhancing “profitability” and “financial base.”

Under our “Program for Improving Profitability,” we have compiled a favorable record of accomplishments in international operations, especially in Asia, which we

have positioned as a strategic region. Overall, consolidated net income for the first half of fiscal 2011 amounted to ¥254.6 billion. Thus, our progress ratio was approximately 110% against our planned net income for the first half of fiscal 2011. Under our “Program for Enhancing the Financial Base,” we made major progress in strengthening the quality and quantity of capital. Our consolidated Tier 1 capital ratio was 11.89% as of September 30, 2011, effectively achieving our medium-term goal of a 12% level. We plan to make a cash dividend payment of ¥6 per share of common stock for fiscal 2011, unchanged from our existing estimate, as well as making a dividend payment on preferred stock as prescribed. Meanwhile, we started to pay an interim dividend from fiscal 2011. Under our “Program for Strengthening Front-Line Business Capabilities,” we have implemented various measures, including streamlining and rationalizing our corporate management functions, reforming the structure of our IT costs, and consolidating our operational processing divisions. Furthermore, in view of recent changes in the operating environment, we will further continue to take steps to increase management efficiency.

Establishing the Advanced Group Management Structure

We have decided to establish the “advanced group management structure.” Under this initiative, we aim to establish a new corporate structure and strengthen corporate governance, with which we will be able to utilize the following functions most effectively as the only financial group in Japan with banks, trust banks and securities companies under one umbrella, and thereby to further improve customer convenience. Prior to the decision, we had already turned our trust banking and two securities subsidiaries into wholly-owned subsidiaries of Mizuho Financial Group and announced the merger of the two securities companies to be implemented in the second half of fiscal 2012.

The merger of Mizuho Corporate Bank and Mizuho Bank, for which Mizuho Financial Group, Mizuho Corporate Bank and Mizuho Bank signed a memorandum of understanding in November 2011, constitutes the core of the establishment of the advanced group management structure. Through the merger, we aim to position the group to provide directly and promptly diverse and

functional financial services to both banks' customers, utilizing the current “strengths” and “advantages” of the two banks, and to further enhance group collaboration among the banking, trust and securities functions. At the same time, we aim to enhance further the consolidation of group-wide business operations and optimization of management resources, such as the workforce and branch network, by strengthening group governance and improving group management efficiency, leading to the maximization of group profitability.

While consummating the merger by around the end of the first half of fiscal 2013, we plan to start the “substantive one bank” structure beginning in April 2012, prior to the effective date, in order to pursue the merger synergies in advance of the merger. We will also consider the possibility of an integration that includes Mizuho Trust & Banking.

Mizuho is determined to make a fresh start by returning to the basics of our “customer first policy” as the core principle of our management. In order to become the most trusted financial institution, serving society at large, the group will work as one under our new subslogan—“One MIZUHO: Building the future with you.” Furthermore, we will endeavor to fulfill our social mission as a financial institution, and, in the facilitation of financing, we will continue to devote our efforts in providing our customers with a smooth supply of funds.

We sincerely appreciate your continuing support for these endeavors.

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