Entering a New Phase of Our Management Strategies

The Mizuho Financial Group has established a solid base to generate sustainable positive Net Income by making steady improvement in its financial condition, including, in particular, significant reductions in NPLs.

On a consolidated basis, the group reported interim Net Income of ¥233.9 billion, substantially exceeding our original estimate. At the same time, we have entered a new phase in our management strategies and are taking initiatives to achieve a substantial improvement in profitability.

Repayment of Public Funds

Reflecting the steady improvement in our financial condition, we have commenced repurchase of preferred stocks of public funds.

In August 2004, we repurchased and cancelled preferred stocks amounting to ¥232.7 billion on an issued amount basis. In addition, in September 2004 we redeemed ¥225.0 billion in subordinated bonds of public funds. As of September 30, 2004, we had repaid approximately 40% of the original amounts of public funds.

Even following these repayments, our consolidated BIS Capital Adequacy Ratio stood at a sufficient level of 11.86% reflecting our recorded consolidated Net Income of ¥233.9 billion for the interim period.

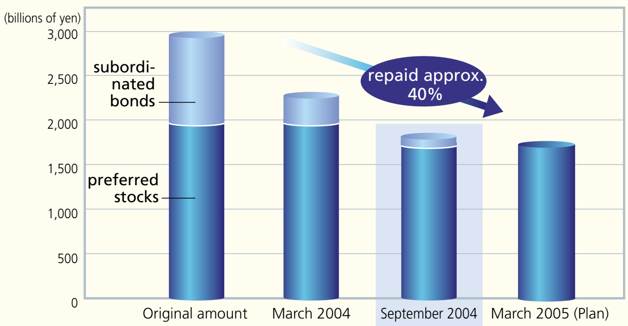
Our objective is to continue to make early repayment of the remaining public funds while sustaining and improving our capital base through continuously recording stable profits. With respect to the remaining ¥100.0 billion in subordinated bonds of public funds, we plan to redeem them by the end of this fiscal year. (In accord with our Business Revitalization Plan, we intend to make these repayments after consultation with the related government authorities.)

Glossary

▶**Repurchase and Cancellation of Stocks**

Corporations repurchase previously issued preferred and other stocks at market value and cancel them by using profits and other sources of funding. These stock buybacks reduce the number of outstanding stocks and have received attention as a way of demonstrating the commitment of corporations to improve capital efficiency and enhance shareholder value.

Repayment of Public Funds (the Three Banks)



Public Funds	¥2,949.0 bn.	¥2,274.0 bn.	¥1,816.2 bn.	¥1,716.2 bn.

Termination of NPL Issues

We reached our goal of reducing our NPLs by half six months ahead of schedule.

We implemented measures faster than originally planned to reduce the balance of Disclosed Claims under the Financial Reconstruction Law (FRL) for the Three Banks. As a consequence, the balance of NPLs as of September 30, 2004, decreased by approximately ¥1 trillion from the end of March 2004 to ¥2,224.7 billion. This substantial progress in resolving NPL issues was mainly due to two factors: proactive measures to promote the revitalization of corporate customers through our Corporate Revitalization Project and a smaller volume of loans newly classified as NPLs than estimated.

Following this decline in NPLs, our NPL ratio to total claims declined to 3.1% at the end of the interim period. As a result, we reached our objective of reducing NPLs by half six months ahead of schedule, and we were able to report the lowest NPL ratios among Japan's Mega Banks. We expect to further reduce NPLs to mid-¥1 trillion and to lower our NPL ratio to the lower 2% range by the end of this fiscal year.

Drastic improvement in Credit-related Costs and a net gain on reversal of reserves of ¥33.5 billion.

Credit-related Costs were well below our initial estimate and showed a net gain on reversal of ¥33.5 billion. This improvement was mainly due to steady progress in corporate revitalization and recovery in performance among our corporate customers. We are currently estimating Credit-related Costs of ¥45.0 billion for fiscal 2004, representing a decline of ¥190.0 billion from our original estimate.

On the other hand, to deal with possible future credit risks, we are maintaining our loan loss reserve ratio at a high level.

Other Measures to Improve Financial Condition

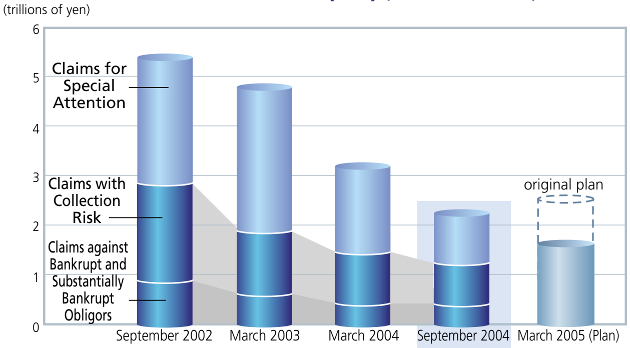
The Three Banks reduced their stockholdings by approximately ¥350 billion during the interim period. As a result, stocks (other securities available for sale) amounted to ¥3,111.5 billion at an acquisition cost basis. To minimize interest rate risks, we took measures to shorten the average remaining periods of our JGB portfolio, principally for medium- and long-term bonds, and increased the percentage of the portfolio covered by hedging instruments. In our portfolio of other securities in total, we continued to show substantial unrealized gains of ¥629.9 billion for the interim period.

Net deferred tax assets (DTA) on a consolidated basis decreased by ¥124.5 billion from March 31, 2004 to ¥1,208.4 billion at the end of the interim period, as a result of the reporting of taxable income. The ratio of net DTA to Tier I capital declined to 29.8% at the end of the interim period.

In addition, we adopted new accounting rules for impairment of fixed assets from the interim period, ahead of the required schedule. As a result, the Three Banks reported Extraordinary Losses on impairment of fixed assets of ¥41.3 billion.

Reduction of Disclosed Claims (FRL) (the Three Banks)

(trillions of yen)



	September 2002	March 2003	March 2004	September 2004	March 2005 (Plan)
NPL balance	¥ 5,424.9 bn.	¥ 4,785.9 bn.	¥ 3,191.0 bn.	¥ 2,224.7 bn.	¥ mid-1tn.
NPL ratio	6.4%	6.2%	4.4%	3.1%	Lower 2% range

Reached our goal of reducing NPLs by half six months ahead of schedule

Comparison among Japanese Mega Banks

	The Mizuho Financial Group (the Three Banks)	SMFG	MTFG	UFJ
NPL Balance (FRL)	¥ 2.2 tn.	¥ 2.4 tn.	¥ 1.6 tn.	¥ 4.1 tn.
NPL Ratio	3.14%	4.4%	3.28%	9.42%
Reserve Ratio to Claims against Special Attention Obligors*1	42.2%	38.7%	32.31%	52.32%
Credit-related Costs	¥ (33) bn.	¥ 455 bn.	¥ 50 bn.	¥ 614 bn.*2

(Source) Company Disclosures
*1:Reserves against uncovered portion
*2:Including collection of written-off claims

Glossary

▶**Asset Impairment Accounting**

When the value of fixed assets held by corporations—including land, buildings, and machinery—declines markedly, principles of asset impairment accounting require companies to recognize these losses in their accounts. Beginning in fiscal 2005, all companies in Japan will be required to adopt asset impairment accounting principles.

Progress in Cost-Cutting Efforts

Under our Business Revitalization Plan, the Two Banks set a goal of reducing General & Administrative Expenses by ¥190.0 billion between fiscal 2002 and fiscal 2006. During fiscal 2003 alone, General & Administrative Expenses were cut by ¥105.4 billion, and, during the interim period, further reductions amounting to ¥16.0 billion were implemented compared with the same period of the previous year. In addition, we are taking steps to enhance efficiency and reduce the number of employees to 24,000 by the end of fiscal 2004.

Mizuho Bank began a step-by-step integration of its IT systems in July 2004, and we are pleased to report that this was fully completed in December 2004. We believe this integration will enable us to make steady progress toward cost reductions by improving operating efficiency and lowering maintenance costs.

Aiming for Top-Line Growth

To expand our revenues, we plan to fully utilize our enormous domestic customer base, which is the largest among Japanese banks. We will focus especially on (1) realizing the greatest possible synergies within the group by encouraging cooperation among group companies, (2) creating new profitable business opportunities, including enhancement of loan trading business aimed at expanding our syndication business, and (3) flexible formation and utilization of business alliances with companies in other fields, including credit card, installment shopping credit and securities companies.

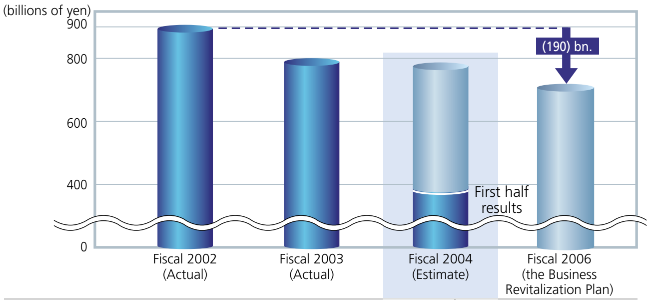
*Figures are described as follows:

The Three Banks: Mizuho Corporate Bank + Mizuho Bank + Mizuho Trust & Banking + their financial subsidiaries for corporate revitalization (non-consolidated).

The Two Banks: Mizuho Corporate Bank + Mizuho Bank + their financial subsidiaries for corporate revitalization (non-consolidated).

The Holding Companies + the Two Banks: Mizuho Financial Group + Mizuho Holdings + the Two Banks (non-consolidated).

Reduction of G&A Expenses (the Two Banks)



	Fiscal 2002 (Actual)	Fiscal 2003 (Actual)	Fiscal 2004 (Estimate)	Fiscal 2006 (the Business Revitalization Plan)
G&A Expenses	891.9 bn.	786.4 bn.	770.0 bn. (First half results 385.0 bn.)	705.6 bn.

Progress in Restructuring Efforts
(The Holding Companies + the Two Banks)

	March 2003	March 2004	September 2004
Employees	27,900	26,575	25,747
Domestic branches	562	440	429
Overseas branches and subsidiaries	49	41	41

Note: Based on the Business Revitalization Plan. With respect to the number of domestic branches, if several branches had been located at one site as a part of the group's branch-in-branch program, those branches are counted as a single office.