

# A Message from the President & CEO of Mizuho Financial Group, Inc.



This fiscal year, we will conclude the implementation of our business strategy, the “Channel to Discovery” Plan, which was launched in fiscal 2005 and aims to make the group “a financial partner that helps customers shape their future and achieve their dreams.” We are currently working to increase the group's corporate value by enhancing profitability through carrying out our Business Portfolio Strategy and improving our internal control systems, promoting corporate social responsibility (CSR) activities, and strengthening our brand strategy through the implementation of our Corporate Management Strategy.

First, under our Business Portfolio Strategy, we reorganized our businesses into three global groups to meet the needs of our customers. These three groups have leveraged their respective strengths and capabilities to offer optimal products, services, and solutions to our customers.

Our Global Corporate Group has taken major steps toward globalization, including the establishment of banking subsidiary Mizuho Corporate Bank (China) in June 2007, the further expansion of our overseas network, and the conclusion of strategic alliances with leading overseas financial institutions. In the syndicated loan business, Mizuho Corporate Bank has focused

## Management Structure of Mizuho



\*Subject to the approval of the relevant authorities, etc., Mizuho Securities and Shinko Securities are scheduled to merge in May 2008.

on promoting the healthy development of the syndication market and expanding the loan trading market while taking measures to strengthen its global loan syndication structure and capabilities. In securities-related businesses, bond, equity, as well as investment banking businesses have further been sophisticated, and Mizuho Securities and Shinko Securities are scheduled to merge in May 2008, subject to the approval of the relevant authorities, etc.

In our Global Retail Group, Mizuho Bank has further enhanced the convenience of services, through such initiatives as the improvement of the services of the Mizuho Mileage Club by introducing a joint card program with All Nippon Airways and the development of "Mizuho Personal Squares," which are branches with a stronger focus on individual customers. As of November 30, 2007, Mizuho Bank opened 115 of these squares. Mizuho Bank has also further strengthened its consulting capabilities regarding asset management to respond to a diverse range of customer needs. Mizuho Bank also increased the number of financial consultants for retail customers to about 2,500 as of September 30, 2007, and installed 291 "Premium Salons," exclusive space for consultation, as of November 30, 2007. In the personal loan business, Mizuho Bank has expanded its channels for loans to individuals and introduced new loan products. For small and medium-sized enterprises (SMEs) and middle-market corporations, Mizuho Bank has taken initiatives to increase lending through its activities to promote financial solutions services related to their business strategies. The solutions team of the Mizuho Bank, which promotes and provides these services, had approximately 350 professionals as of September 30, 2007.

In the Global Asset & Wealth Management Group, Mizuho Trust & Banking has worked to substantially strengthen our asset management functions for its customers while working to improve ties of cooperation with other group companies. As a reflection of this, all branches of Mizuho Corporate Bank and

Mizuho Bank are the agents of Mizuho Trust & Banking. Mizuho Private Wealth Management, another member of this group, offers comprehensive and full-fledged wealth management services. In addition, in the asset management business, Mizuho Asset Management was created as a result of the merger between Dai-ichi Kangyo Asset Management and Fuji Investment Management in July 2007.

Turning next to our Corporate Management Strategy, as our CSR activities, we have continued to take active initiatives to provide "support for financial education," which is aimed at nurturing the next generations on whom society's future depends. We have also adopted measures to implement "environmental initiatives," with the objective of creating a sustainable society and to create barrier-free environments in our branches. Regarding our brand strategy, we have actively communicated our brand slogan "Channel to Discovery" both inside and outside the group to make it more widely known among the general public.

Also, as a company listing its American Depositary Receipts (ADRs) on the New York Stock Exchange, we established a framework for disclosure in accordance with U.S. generally accepted accounting principles (GAAP), which is deemed to be one of the global standards. In addition, we have further strengthened internal controls and enhanced the transparency of corporate disclosure in line with the compliance requirements of the U.S. Sarbanes-Oxley Act, which sets one of the strictest standards in the world today. Moreover, we have further promoted and ensured customer protection and strengthened our compliance structure.

## Outline of Performance for the Interim Period

Under the “Channel to Discovery” Plan, we have implemented a range of measures to substantially strengthen our comprehensive profitability, especially from our Customer Groups.

During the first half of fiscal 2007, ended September 30, 2007, consolidated net business profits(\*1) decreased by ¥33.6 billion on a year-on-year basis, to ¥414.0 billion. However, net business profits of the Three Banks (\*2) increased by ¥21.0 billion on a year-on-year basis, to ¥414.2 billion, because of an increase in income from Customer Groups, particularly that in net interest income from deposit and loan business, and strong market-related income.

\*1. Consolidated net business profits = consolidated gross profits – G&A expenses (excluding non-recurring losses) + equity in income from investments in affiliates and certain other consolidation adjustments.

\*2. The Three Banks: Aggregate figures for MHCN, MHBK, and MHTB on a non-consolidated basis

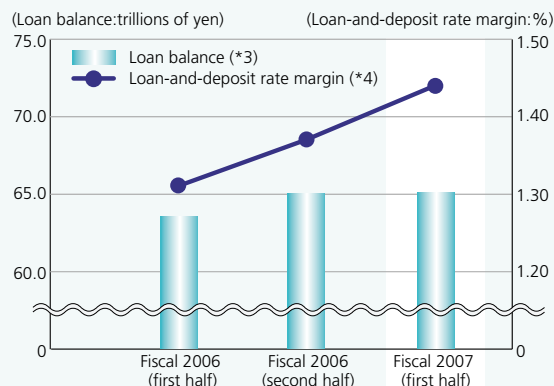
Meanwhile, Mizuho Securities recorded a significant decline in its profitability (a decrease of ¥53.0 billion in consolidated ordinary profits on a year-on-year basis) suffering from the dislocation in global financial markets stemming from the U.S. subprime loan issues.

Consolidated net income for the first half of fiscal 2007 decreased by ¥65.2 billion, to ¥327.0 billion. This was mainly because, together with the aforementioned factors, credit-related costs in this period reverted to a net provision from a net reversal. Credit-related costs increased on a year-on-year basis as we revised obligor ratings, especially for SMEs and other obligors with the relatively lower ratings, in light of uncertainty over the economy.

The factors accounting for the increase in net interest income included an increase in the average loan balance of the Three Banks mainly driven by the expansion of overseas lending and an improvement in the domestic loan-and-deposit rate margin of 0.13 percentage point on a year-on-year basis. This increase

offset a decline in net dividend and interest income related to equity and other investments, resulting in an increase in consolidated net interest income by ¥2.7 billion year on year, to ¥537.9 billion.

### Loan Balance



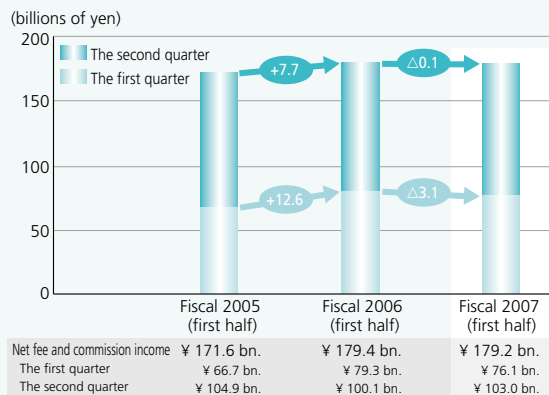
Loan balance	¥ 63.5 tn.	¥ 65.0 tn.	¥ 65.1 tn.
Loan-and-deposit rate margin	1.31%	1.37%	1.44%

\*3. Aggregate average balance of the Three Banks for the period, excluding trust account and loans to MHFG

\*4. Aggregate figures of domestic operations of MHCN and MHBK, excluding loans to MHFG, Deposit Insurance Corporation of Japan, and the Japanese government

Net fee and commission income of the Three Banks amounted to ¥179.2 billion and was approximately the same compared with the same period of the previous fiscal year. As for our business with individual customers, fee income related to investment trusts and individual annuities continued to increase. On the other hand, as for our business with corporate customers, fee and commission income from solutions-related

### Net Fee and Commission Income (The Three Banks)



business and foreign exchange business decreased, despite an increase in that from overseas business.

From a balance sheet perspective, we maintained financial soundness at a high level. The consolidated capital adequacy ratio (Basel II BIS standard) at the end of the interim period remained at 11.80%.

From this interim period, in response to changes in the market conditions, we expanded the scope for fair value measurement for other securities and recorded a reserve for possible losses on sales of loans.

### **Maintaining and Expanding the Capital Base to Support Future Growth**

In May 2007, we repurchased and cancelled all the treasury stock (261,040.83 shares of common stock, ¥221.1 billion in value) held by our subsidiary, Mizuho Financial Strategy. In addition, in June 2007, we redeemed all of the ¥185.5 billion of non-dilutive preferred debt securities, which were issued in February 2002 and became redeemable at the issuer's option in June 2007.

In September 2007, we repurchased and cancelled ¥149.9 billion (214,900 shares) of our own shares (common shares). The repurchase and cancellation were conducted for the purpose of, among other things, offsetting the potential dilutive effect of the conversion of the Eleventh Series Class XI Preferred Stock (¥943.7 billion in issued value) in consideration of the possibility that the number of shares of our common stock will increase after the commencement of the conversion period from July 1, 2008. We continue to consider setting up additional repurchase limits and conducting share repurchases, based on market conditions, our earning trends, and other factors.

Moreover, in January 2008, to increase the group's Tier 1 capital to secure the agility and to improve the flexibility of our future capital strategy, we issued ¥274.5 billion in non-dilutive preferred debt securities.

Regarding dividends for fiscal 2007, taking the earnings estimates and the condition of retained earnings

into consideration, we are planning to increase cash dividends per share of common stock to ¥10,000 (a ¥3,000 increase from those for the previous fiscal year). Dividends on preferred stock will be paid as prescribed.

Going forward, we will continue to steadily accumulate net income, and utilize our capital effectively, while maintaining and strengthening the capital base to support future growth.

We will work to increase our corporate value by continuing to steadily implement the "Channel to Discovery" Plan as well as strengthen our competitiveness and profitability, while also fulfilling our social responsibilities and our mission to serve the public interest. Accordingly, we look forward to receiving your continuing support.

January 2008



Terunobu Maeda  
President & CEO

Mizuho Financial Group, Inc.

Note: The above message, which was prepared prior to our announcement of our financial results for the third quarter of fiscal 2007, 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 1 of this Interim Review for information regarding factors that could cause actual results to differ from those in the forward-looking statements.