

Annual Report
(April 2005~ March 2006)

2006

Financial Highlights of Mizuho Financial Group, Inc. (Consolidated)

For the Fiscal Years ended March 31,	Millions of yen		Thousands of U.S. dollars	
	2006	2005	2006	
Total Income	¥ 3,732,166	¥ 3,455,653	\$ 31,771,232	
Total Expenses	2,752,024	2,512,594	23,427,462	
Income before Income Taxes and Minority Interests	980,142	943,059	8,343,770	
Net Income	649,903	627,383	5,532,510	
Cash Dividends*	81,421	79,929	693,122	

*Non-consolidated basis.

At March 31,	Millions of yen		Thousands of U.S. dollars	
	2006	2005	2006	
Total Assets	¥ 149,612,794	¥ 143,076,236	\$ 1,273,625,558	
Securities	37,702,957	36,047,035	320,958,179	
Loans and Bills Discounted	65,408,672	62,917,336	556,811,715	
Deposits	82,367,125	80,368,058	701,175,838	
Total Shareholders' Equity	4,804,993	¥ 3,905,726	\$ 40,904,007	

For the Fiscal Years ended March 31,	Yen		U.S. dollars	
	2006	2005	2006	
Per Share of Common Stock				
Net Income	¥ 55,157.14	¥ 54,625.61	\$ 469.54	
Cash Dividends per Share*				
Common Stock	4,000	3,500	34.05	
Preferred Stock				
Second Series Class II Preferred Stock	/	8,200	/	
Third Series Class III Preferred Stock	/	14,000	/	
Fourth Series Class IV Preferred Stock	47,600	47,600	405.21	
Sixth Series Class VI Preferred Stock	42,000	42,000	357.54	
Seventh Series Class VII Preferred Stock	—	11,000	—	
Eighth Series Class VIII Preferred Stock	/	8,000	/	
Ninth Series Class IX Preferred Stock	/	—	/	
Tenth Series Class X Preferred Stock	/	5,380	/	
Eleventh Series Class XI Preferred Stock	20,000	20,000	170.26	
Twelfth Series Class XII Preferred Stock	/	—	/	
Thirteenth Series Class XIII Preferred Stock	30,000	30,000	255.38	

*Non-consolidated basis.

At March 31,	2006	2005
Capital Adequacy Ratio		
Risk-based Capital Ratio (BIS Capital Ratio)	11.59%	11.91%

Ratings

	R&I		JCR		Moody's		Standard & Poor's		Fitch	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Mizuho Financial Group, Inc.	A	a-1	—	—	—	P-1	A-	—	A	F1
Mizuho Corporate Bank, Ltd.	A+	a-1	AA-	—	A1	P-1	A	A-1	A	F1
Mizuho Bank, Ltd.	A+	a-1	AA-	—	A1	P-1	A	A-1	A	F1
Mizuho Trust & Banking Co., Ltd.	A+	a-1	A+	—	A1	P-1	A	A-1	A	F1
Mizuho Securities Co., Ltd.	A+	a-1	AA-	J-1+	A1*	P-1*	—	—	—	—

*Credit ratings for EMTN programme (Joint Medium-term Note Programme with Mizuho International, based on keepwell agreement with Mizuho Corporate Bank).

(As of August 25, 2006)

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All figures contained in this report are calculated using accounting principles generally accepted in Japan ("Japanese GAAP").

Forward-Looking Statements

This document contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements do not represent any guarantee by management of future performance.

In many cases, but not all, we use such words as "aim," "anticipate," "believe," "endeavor," "estimate," "expect," "intend," "may," "plan," "probability," "project," "risk," "seek," "should," "strive," "target" and similar expressions in relation to us or our management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions.

We may not be successful in implementing our business strategies, and management may fail to achieve its targets, for a wide range of possible reasons, including, without limitation: incurrence of significant credit-related costs; declines in the value of our securities portfolio; changes in interest rates; foreign currency fluctuations; revised assumptions or other changes related to our pension plans; failure to maintain required capital adequacy ratio levels; downgrades in our credit ratings; the effectiveness of our operational, legal and other risk management policies; our ability to avoid reputational harm; and the effect of changes in general economic conditions in Japan.

We do not intend to update our forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

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



We began to implement our business strategy, the “Channel to Discovery” Plan, in April 2005, with the objectives of winning the even-stronger support of our customers and creating a world-leading financial group. Under this plan, we are steadily implementing two key strategic initiatives—the Business Portfolio Strategy and the Corporate Management Strategy.

As a result of these initiatives, we recorded consolidated net income of ¥649.9 billion for fiscal 2005 representing a further gain over the previous fiscal year. We also achieved additional improvement in financial soundness.

Along with sustained profitability and increased

Three Global Groups Offer Services to Meet the Specific Needs of Each Customer Segment

As part of our Business Portfolio Strategy, we realigned our businesses into three global groups to provide services customized to suit the needs of particular customer segments. The Global Corporate Group, the Global Retail Group, and the Global Asset & Wealth Management Group leverage their strengths and capabilities and take initiatives to offer the best financial products, services and solutions to our customers.

The principal companies in the Global Corporate Group are Mizuho Corporate Bank and Mizuho Securities. This group works to meet the requirements of major corporations and multinationals by further strengthening our syndicated loan business, where Mizuho maintains a strong presence as a market leader, and implementing other strategies to further increase our global presence by expanding and enhancing the capabilities of our overseas network. In addition to these initiatives, the Global Corporate Group continues to enhance such businesses as corporate banking, securities and investment banking.

In the Global Retail Group, its core company Mizuho Bank works to further strengthen our capabilities for meeting the needs of individual customers, especially in the fields of consulting and lending services, while also working to improve the attractiveness to customers of

our membership service platform called the Mizuho Mileage Club. For small and medium-sized enterprises and middle market corporations, it supplies significant funds for meeting sound loan demands, and proactively promotes solutions businesses.

In the Global Asset & Wealth Management Group, Mizuho Trust & Banking works to further strengthen the capabilities of its trust and asset management businesses and cooperates even more closely with other group companies. In addition, in October 2005, we established Mizuho Private Wealth Management, a subsidiary that offers full-fledged private banking services.

Improving Management Transparency and Promoting CSR Activities

The other strategic initiative supporting the “Channel to Discovery” Plan is the Corporate Management Strategy. One of the key elements of this strategy is to increase transparency in corporate governance to further enhance the confidence that investors have in our group. In line with this strategy, we are moving ahead steadily with the preparations, including enhancement of our management controls, for our listing on the New York Stock Exchange as soon as feasible.

In our corporate social responsibility (CSR) activities, we implemented environmental initiatives, provided support for financial education, and engaged in other

financial soundness, I am pleased to report that in July 2006 we completed the repayment of all public funds totaling ¥2,949.0 billion, that had been provided to us in March 1998 and March 1999. Supported by these public funds for a period of more than eight years, we were able to focus on making our business revitalization a success. We sincerely appreciate your understanding and continued support over this period.

In the following sections, I would like to explain our group's management strategies and accomplishments in more detail.

activities. Our *CSR Report* provides details on these activities. We also moved forward with initiatives to strengthen our corporate brand strategy.

Solid Progress in Increasing Profitability and Further Improvements in Financial Strength

As a consequence of our efforts mentioned above, in fiscal 2005, we recorded a steady increase in income in such areas as retail banking, which was our growth business area, solutions businesses, and overseas businesses. Regarding general and administrative expenses, we allocated our management resources aggressively in growth areas, while further reducing existing costs.

Moreover, we made additional progress in improving our financial soundness and established top-level financial strength among the Japanese mega banks. The non-performing loan ratio as of the end of March 2006 was 1.41%, representing a further decline from the previous fiscal year-end. Consolidated net deferred tax assets also significantly decreased.

As mentioned earlier, consolidated net income of the group increased to ¥649.9 billion, and net income per share of common stock also showed a steady rise. In view of these financial results, we decided to increase the year-end cash dividend per share for fiscal 2005 to ¥4,000 and made dividend payments on preferred stock as prescribed. The consolidated BIS capital

adequacy ratio was maintained at a sufficient level of 11.59% as of the end of March 2006.

Along with our success in securing stable profits and improving our financial soundness, during fiscal 2005, we repurchased preferred stock of public funds of ¥866.4 billion. In July 2006, we repurchased preferred stock of public funds of ¥600.0 billion and completed the repayment of all public funds.

In November 2005, we conducted an offering of 763,000 shares of common stock (¥531.6 billion) of Mizuho Financial Group, Inc. (MHFG), held by its subsidiary Mizuho Financial Strategy Co., Ltd. (MHFS), formerly known as Mizuho Holdings, Inc. In July 2006, we repurchased and cancelled 131,800 shares of common stock (¥129.9 billion) of MHFG held by MHFS. With respect to the remaining common stock of MHFG held by MHFS after the above offering as well as the repurchase and cancellation, we intend to repurchase and cancel them after fiscal 2006, taking into consideration our financial condition.

Fulfilling Our Social Responsibilities while Recognizing the Public Role of Our Business

We will move ahead proactively with the steady implementation of our "Channel to Discovery" Plan. Backed by the support of our customers, we will work to enhance our corporate value by strengthening our competitiveness and profitability.

At the same time, recognizing the public nature of our business as a financial institution, we plan to continue contributing to society through various measures, such as offering products and services that meet the needs of our customers and engaging in CSR activities that aim for harmonious coexistence with society, while endeavoring to increase our corporate value. We look forward to your continuing support as we make further progress toward our objectives.

July 2006



Terunobu Maeda
President & CEO

Mizuho Financial Group, Inc.

Summary of Financial Results for Fiscal 2005

Based on our business strategy called the “Channel to Discovery” Plan, we advanced into a new phase in our management strategies and focused on increasing our top-line profits as well as implementing disciplined capital management. As a consequence, we recorded consolidated net income of ¥649.9 billion.

Summary of Income Analysis

Our consolidated gross profits increased by ¥9.3 billion compared with the previous fiscal year. If we exclude the effect of the disposition of unrealized losses on bond portfolios in March 2006 (¥138.5 billion for “Three Banks”: Mizuho Corporate Bank (MHCB), Mizuho Bank (MHBK) and Mizuho Trust & Banking (MHTB)), which we carried out in light of such factors as interest rate trends, consolidated gross profits increased by 7.4% compared with the previous fiscal year. The factors accounting for the increase in consolidated gross profits were the increase in income from Customer Groups and the steady growth in profits of our group companies.

In addition, due to the recording of reversal of reserves for possible losses on loans and net gains related to stock, consolidated net income amounted to ¥649.9 billion. If we exclude a special factor in the previous fiscal year (i.e., the effect of the ¥308.4 billion Supreme Court judgment regarding Japan Housing Loan, Inc.), consolidated net income virtually increased by approximately ¥330.0 billion.

● Steady Enhancement of Top-Line Growth

As for non-interest income, net fee and commission income on a Three Banks basis increased by ¥63.3 billion, or 20.0%, compared with the previous fiscal year.

This increase was attributed to the considerable increase in fee income related to investment trusts and individual annuities in our business with individual customers as a result of our efforts to enhance our consulting functions. In our business with corporate customers, our solutions, foreign exchange, and overseas businesses showed solid growth. So did the trust and asset management businesses of MHTB. On a consolidated basis, net fee and commission income increased by ¥83.3 billion compared with the previous fiscal year, due to enhancement of group synergies.

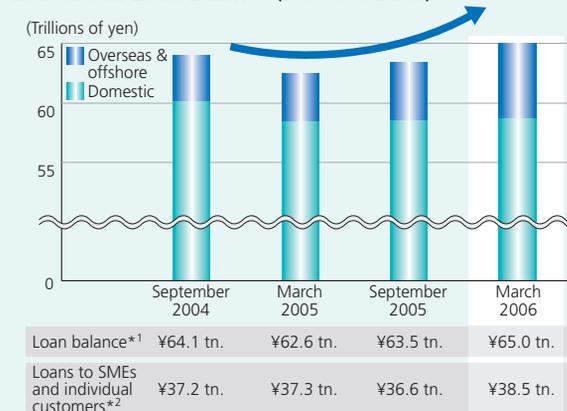
Net interest income decreased compared with the previous fiscal year, due to the effects of the decrease

Increase in Net Fee and Commission Income



in interest margins caused by tougher competition in lending businesses and the decrease in the average balance of our domestic loans. However, in addition to the steady increase in overseas loans, there was a turnaround in our domestic loans to both small and medium-sized enterprises (SMEs) and individual customers, and they continued to increase. The main factors contributing to the turnaround and growth in domestic loans were the steady increases in loans to middle credit risk corporations, our housing loans and loans to individuals in alliance with Orient Corporation, all of which are areas where we have placed significant focus.

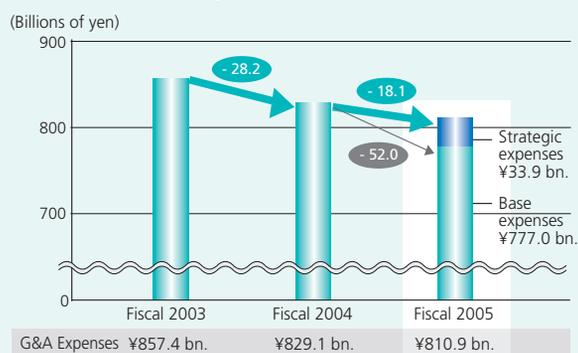
Increase in Loan Balance (The Three Banks)



*1 Excluding trust account and loans to MHFG
*2 Including trust account

As for general and administrative expenses (G&A expenses), “strategic expenses” were incurred to implement measures for enhancing future top-line growth. “base expenses,” on the other hand, further decreased due primarily to the decrease in IT-related expenses, including the effects of the completion of MHBK’s IT systems integration. As a result, total G&A expenses on a Three Banks basis decreased by ¥18.1 billion compared with the previous fiscal year.

Decrease in G&A Expenses (The Three Banks)



Combined with the aforementioned good profit performance, our fully diluted earnings per share (EPS) was ¥46,234 and return on equity (ROE) was 14.9%, both of which were sustained at high levels.

Superior Financial Soundness

At MHFG, the ratio of consolidated net deferred tax assets to Tier 1 capital decreased significantly to 6.4%, and the non-performing loan ratio on a Three Banks basis decreased to 1.41%, showing that our financial soundness remains at a top level among Japanese mega banks.

MHFG’s consolidated BIS capital adequacy ratio was maintained at a sufficient level of 11.59%.

Disciplined Capital Management

● Repayment of Public Funds

We repurchased and cancelled preferred stock of public funds of ¥616.4 billion (on an issued-price basis) in August 2005, ¥250.0 billion (ditto) in October 2005, and ¥600.0 billion (ditto) in July 2006. We completed the repayment of all public funds, the original amount of which was ¥2,949.0 billion, including the subordinated bonds of public funds which we redeemed in full during fiscal 2004.

● Secondary Offering of Common Stock of Mizuho Financial Group, Inc. (MHFG)

To enhance our capital base, in November 2005, by way of a global offering, we conducted an offering of 763,000 shares of common stock (¥531.6 billion) of MHFG, held by its subsidiary Mizuho Financial Strategy (MHFS), formerly known as Mizuho Holdings. In July 2006, we repurchased and cancelled 131,800 shares of common stock (¥129.9 billion) of MHFG held by MHFS.

With respect to the remaining common stock (approximately 261,000 shares) of MHFG held by MHFS after the above offering as well as repurchase and cancellation, we intend to repurchase and cancel them after fiscal 2006, taking into consideration our financial condition.

● Issuance of Preferred Securities

In March 2006, through our overseas special purpose subsidiaries, we issued approximately ¥140.0 billion of preferred securities, which increased our group’s Tier 1 capital and contributed to enhancing our capital base to support our future growth.