



I was appointed President & CEO of Mizuho Financial Group in April 2009. I would like to take this opportunity to express my sincerest thanks for your continued interest in and support of our group.

Reviewing fiscal 2008, the global economy continued to struggle as the financial crisis started to impact the real economy. Even in view of the continuing challenging business environment, we believe a number of issues have been raised for the entire financial services industry to address. Among them, in the wake of the “turbulence” experienced in financial markets, where highly leveraged business activities had been a key focus, the significance of customer-oriented business again has been reaffirmed and emphasized.

This corresponds with our returning to the basics of our business model and directing our managerial resources toward customer-driven business to fully utilize Mizuho's solid customer base, especially in Japan. In this regard, it is of utmost importance for us to be able to offer financial services and solutions that accurately and swiftly meet the needs of our customers.

We have, thus far, responded successfully to changes in the times and the operating environment by implementing reforms on our own initiative, and we

are determined to continue the same, although the way forward will not be easy. All the management and employees of our group are working as one to increase our group's corporate value and are striving to be “A financial partner that helps customers shape their future and achieve their dreams.”

### Financial Results for Fiscal 2008

#### Income Analysis

Consolidated gross profits for fiscal 2008 increased by ¥146.0 billion to ¥1,806.9 billion, compared with the previous fiscal year, due to the recovery in performance of Mizuho Securities, which had recorded significant losses for the previous fiscal year.

Gross profits of Mizuho Corporate Bank, Mizuho Bank and Mizuho Trust & Banking (the Three Banks) decreased by ¥235.8 billion, to ¥1,485.9 billion. This was mainly because of decreases in income related to business with domestic corporate customers (small and medium-sized enterprises (SMEs) and middle-market corporations), fee income associated with sales of investment trusts and individual annuities, fee and commission income from overseas business that was affected by the turmoil in the global financial markets, and income from the trust and asset management business of Mizuho Trust & Banking, which was influenced by domestic real estate market conditions.

Consolidated net business profits\*<sup>1</sup> increased by ¥111.4 billion, to ¥622.6 billion, compared with the previous fiscal year, despite an increase in general and administrative (G&A) expenses, mainly those associated with employee retirement benefits.

Consolidated net loss for fiscal 2008 amounted to ¥588.8 billion, which was a decline of ¥900.0 billion compared with consolidated net income in the previous fiscal year. In addition to the previously mentioned factors, this net loss was primarily due to an increase in both domestic and overseas credit-related costs, mainly against the backdrop of the sharp economic downturn, and the conservative provision of reserves in light of the uncertainty regarding future trends in the economic environment. Other factors accounting for the net loss included the recording of losses associated with the sharp declines in both domestic and overseas stock

prices (¥514.1 billion of devaluation of stocks for the Three Banks, of which ¥418.5 billion was recorded in the second half), continuously recorded losses on securitization products and others resulting from the global financial market turmoil, and the effect of conservative estimates of future profits in relation to the calculation of deferred income taxes.

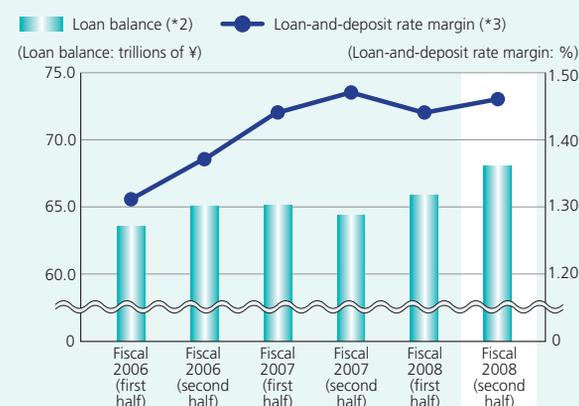
\*1. Consolidated net business profits = consolidated gross profits – G&A expenses (excluding non-recurring losses) + equity in income from investments in affiliates and certain other consolidation adjustments.

### ● Net Interest Income

The average loan balance of the Three Banks for the first half and the second half of fiscal 2008 increased respectively, mainly driven by the growth in the balance of loans of domestic branches.

Although the domestic loan-and-deposit rate margin (total for Mizuho Corporate Bank and Mizuho Bank) for the second half of fiscal 2008 was 1.46%, an improvement over the first half, mainly enhanced by increased margins at Mizuho Corporate Bank, the figure for the full fiscal year remained almost flat compared with the previous fiscal year.

### Loan Balance



Loan balance	¥63.5 tn.	¥65.0 tn.	¥65.1 tn.	¥64.3 tn.	¥65.8 tn.	¥68.0 tn.
Loan-and-deposit rate margin(*4)	1Q 1.29%	3Q 1.35%	1Q 1.44%	3Q 1.47%	1Q 1.46%	3Q 1.45%
	2Q 1.32%	4Q 1.39%	2Q 1.44%	4Q 1.48%	2Q 1.43%	4Q 1.46%

\*2. Aggregate average balance of the Three Banks for the period, excluding trust account and loans to MHFG.

\*3. Aggregate figures of domestic operations of MHC B and MHBK after excluding loans to MHFG, Deposit Insurance Corporation of Japan and the Japanese Government.

\*4. 1Q: the first quarter, 2Q: the second quarter, 3Q: the third quarter, 4Q: the fourth quarter.

Net interest income of the Three Banks for fiscal 2008 amounted to ¥968.8 billion, an increase of ¥14.8 billion compared with the previous fiscal year, due to the growth in our international operations, while that in our domestic operations declined slightly due to factors that included a decrease in returns on securities.

### ● Non-Interest Income

Net fee and commission income of the Three Banks for fiscal 2008 decreased by ¥52.5 billion, to ¥299.2 billion, compared with the previous fiscal year.

As for our business with individual customers, fee income associated with sales of investment trusts and individual annuities was significantly lower than that in the previous fiscal year, due to stagnant stock market conditions and other factors.

As for our business with corporate customers, although fee and commission income associated with domestic syndicated loans increased compared with the previous fiscal year, fee and commission income primarily from solution-related business for SMEs and middle-market corporations, foreign exchange business, and overseas business decreased. Profits from the trust and asset management business of Mizuho Trust & Banking also decreased.

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



### Financial Soundness

Although our non-performing loan ratio of the Three Banks was 1.77%, an increase compared with the previous fiscal year, our net non-performing loan ratio\*5, which reflects the effects of reserves for possible losses on loans, remained at a low level of 0.73%, a decrease

of 0.10% compared with the previous fiscal year, and we have maintained sufficient financial soundness.

We recorded unrealized losses\*<sup>6</sup> of ¥572.3 billion on other securities on a consolidated basis due to the declines in stock market prices.

We maintained our consolidated capital adequacy ratio (Basel II BIS standard) at above the 10% level, which was 10.53% as of March 31, 2009. We have applied the advanced internal ratings-based (AIRB) approach to the measurement of credit risk from March 31, 2009.

As of March 31, 2009, the balance of securitization products for the group in total amounted to ¥3.3 trillion, of which the total balance of foreign currency denominated securitization products amounted to ¥0.6 trillion.

\*5. Net non-performing loan ratio = (Disclosed claims under the Financial Reconstruction Law (FRL) – Reserves for possible losses on loans) / (Total claims – Reserves for possible losses on loans)

\*6. The base amount to be recorded directly to net assets after tax and other necessary adjustments.

## Disciplined Capital Management

### ● Repurchase and Cancellation of Our Common Shares

We are pursuing “strengthening of a stable capital base” and “steady returns to shareholders” under our “disciplined capital management.” In July 2008, we repurchased our common shares of ¥150.0 billion and cancelled almost all of them in September 2008 for the purpose of offsetting the potential dilutive effect of our common shares from the conversion of the Eleventh Series Class XI Preferred Stock.

However, in light of various factors including the current financial market turmoil and global economic downturn, we have been putting more priority on “strengthening of a stable capital base” since the second half of fiscal 2008 to prepare for a further adverse condition in the business environment. We will continue to focus on strengthening our capital base as our current management priority since it has become more important for financial institutions to maintain sufficient capital amid the prolonged stagnation of both domestic and overseas economies.

### ● Enhancement of Our Prime Capital

In July 2009, we decided to issue up to 3.0 billion shares of our common stock (with a corresponding total paid in value of ¥529.2 billion) so as to enhance our prime capital, the capital element which has a stronger ability to absorb losses in Tier 1 capital (core items in calculating the capital ratio).

Our decision is aimed at securing a solid and sufficient capital buffer in preparation for a further adverse business environment and enhancing the flexibility to recapture business opportunities with our solid customer base to lead to our sustainable growth.

### ● Strengthening of Our Capital Base through Issuance of Non-Dilutive Preferred Securities and Other Instruments

We issued non-dilutive preferred securities amounting to ¥303.0 billion in July 2008, ¥355.0 billion in December 2008, and US\$850 million in February 2009, respectively, through our overseas special purpose companies, so as to enhance our group's capital base in light of the current financial market turmoil, in addition to securing the agility and improving the flexibility of our capital strategy. In addition, in December 2008 and March 2009, Mizuho Bank and Mizuho Corporate Bank made their first issues of dated subordinated bonds for domestic individual investors, for a total of ¥200.0 billion.

Furthermore, we issued non-dilutive preferred securities of ¥139.5 billion in June 2009 in the domestic market.

Meanwhile, we redeemed non-dilutive preferred securities of ¥176.0 billion which became redeemable at the issuer's option in June 2009.

## Mizuho Initiatives

I will now report the initiatives of our three global groups and corporate management. The three global groups organized based on customer needs are working to leverage their respective strengths and promote close cooperation to provide customers with the highest-quality financial services.

In the Global Corporate Group, Mizuho Corporate Bank has largely completed the establishment of its

overseas network and has developed strategic relationships with leading financial institutions in countries around the world. Mizuho Corporate Bank has also endeavored to provide a smooth supply of funding through syndicated loans and other loan products. In the securities business, in May 2009, former Mizuho Securities, which was strong in the wholesale market, and Shinko Securities, which had strengths in the middle and retail market, merged to form the new Mizuho Securities. Taking into account deregulatory developments, Mizuho Corporate Bank and the new Mizuho Securities will continue to strengthen their cooperation going forward.

In the Global Retail Group, Mizuho Bank has cooperated more closely with Mizuho Investors Securities and Mizuho Trust & Banking and strengthened its branch network and branch support systems to provide highly convenient services for individual customers. In addition, Mizuho Bank is striving to enhance the Mizuho Mileage Club and other services, and, as part of its security measures, has upgraded its Internet banking log-in identification systems. Looking ahead, Mizuho Bank will strengthen its marketing initiatives and, to meet the increasingly diverse and sophisticated financial needs of its customers, will expand its remote service delivery channels and enhance the quality of its financial consulting and other services.

For SMEs and middle-market corporations, Mizuho Bank is responding quickly to their demand for funding and sincerely regards providing a smooth supply of funds to these companies as part of its role as a financial institution in society. In addition, Mizuho Bank is offering a broad range of business solutions to help customers address the issues they are facing and taking aggressive initiatives to assist them in business restructuring in today's difficult economic environment.

In the Global Asset & Wealth Management Group, Mizuho Trust & Banking has taken a range of initiatives, including the development of new products, the establishment of additional offices specializing in offering advisory services, training staff to become highly specialized personnel, and strengthening its business promotion staff. Also, through personnel exchanges with Mizuho Bank, Mizuho Trust & Banking is offering

a broad range of trust business services to the customers of Mizuho Bank and other group companies. The Global Asset & Wealth Management Group is offering full-scale private banking and high-quality asset management services.

In the area of internal controls, we are implementing initiatives to enhance internal control systems in compliance with Japan's Financial Instruments and Exchange Law, promoting customer protection, and strengthening our compliance frameworks. In order to promote corporate social responsibility (CSR), we have engaged in activities including reducing the environmental burden of our operations, providing support for financial education, maintaining and preserving the natural environment through our business activities, and creating barrier-free layouts in our offices. Also, as part of our brand strategy, we are actively conveying our "Channel to Discovery" brand slogan inside and outside the group to heighten awareness of this slogan.

We are working to provide the highest-quality financial services to our customers by returning to the basics of our business as a financial institution, which are to "contribute to increasing customers' value" with the watchwords of "customer-oriented," "frontline-oriented," and "future-minded."

July 2009



Takashi Tsukamoto  
President & CEO  
Mizuho Financial Group, Inc.

Notes: 1. The above message, which was prepared prior to our announcement of our financial results for the first quarter of fiscal 2009, 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 Annual Review for information regarding factors that could cause actual results to differ from those in the forward-looking statements.

2. In August 2009, we completed issuing 3.0 billion shares of our common stock.