

# **The 9<sup>th</sup> Japanese Financial Conference**

**September 2007**

Mizuho Financial Group

## Forward-looking Statements

This presentation contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including estimations, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance.

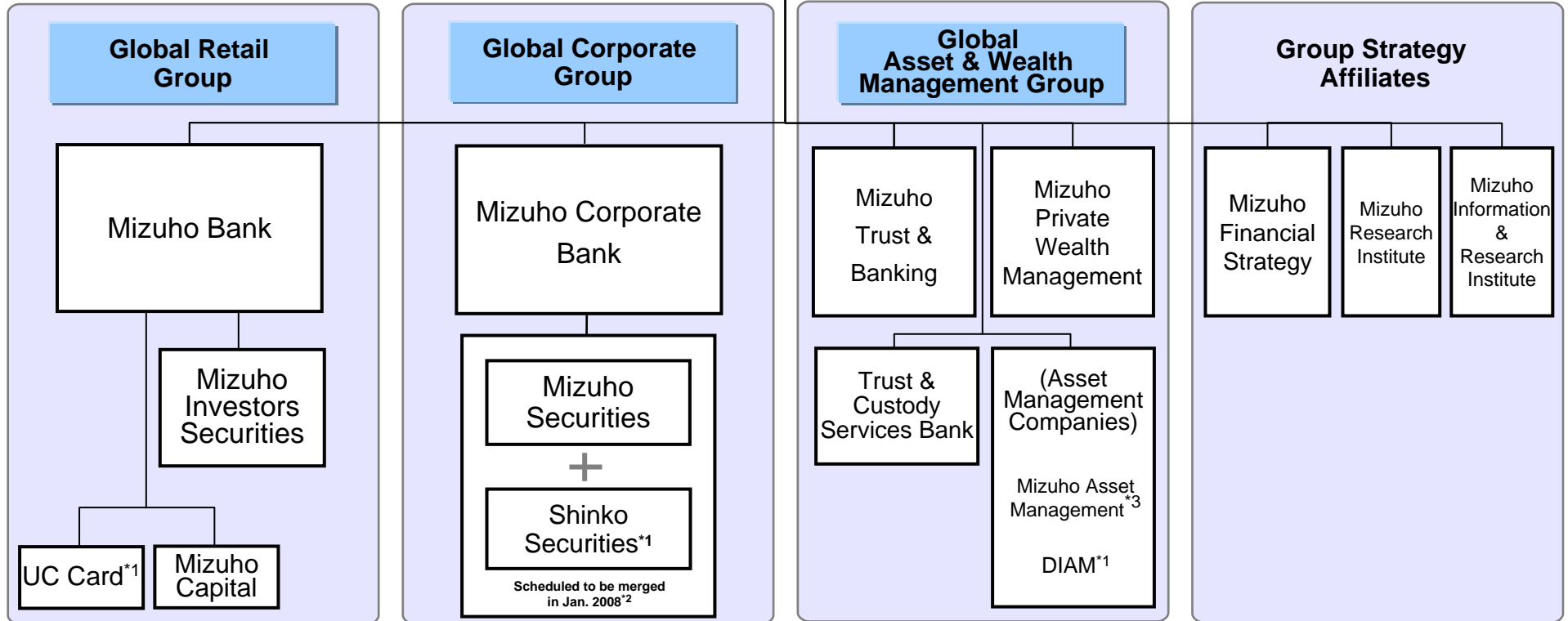
In many cases, but not all, we use such words as “aim,” “anticipate,” “believe,” “endeavor,” “estimate,” “expect,” “intend,” “may,” “plan,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target” and similar expressions in relation to us or our management to identify forward-looking statements. 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. Further information regarding factors that could affect our financial condition and results of operations is included in “Item 3.D. Key Information—Risk Factors,” and “Item 5. Operating and Financial Review and Prospects” in our registration statement on Form 20-F filed with the US Securities and Exchange Commission (“SEC”) on August 10, 2007, which is available in the Financial Information section of our web page at [www.mizuho-fg.co.jp](http://www.mizuho-fg.co.jp) and also at the SEC’s web site at [www.sec.gov](http://www.sec.gov).

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, except as may be required by the rules of the Tokyo Stock Exchange.

**(Note) Unless otherwise specified, the financial figures used in this presentation are based on Japanese GAAP**

# Mizuho Financial Group, Inc.



\*1 an affiliate under equity method    \*2 subject to regulatory approvals    \*3 DKA and FIMCO merged on July 1, 2007

## Definitions

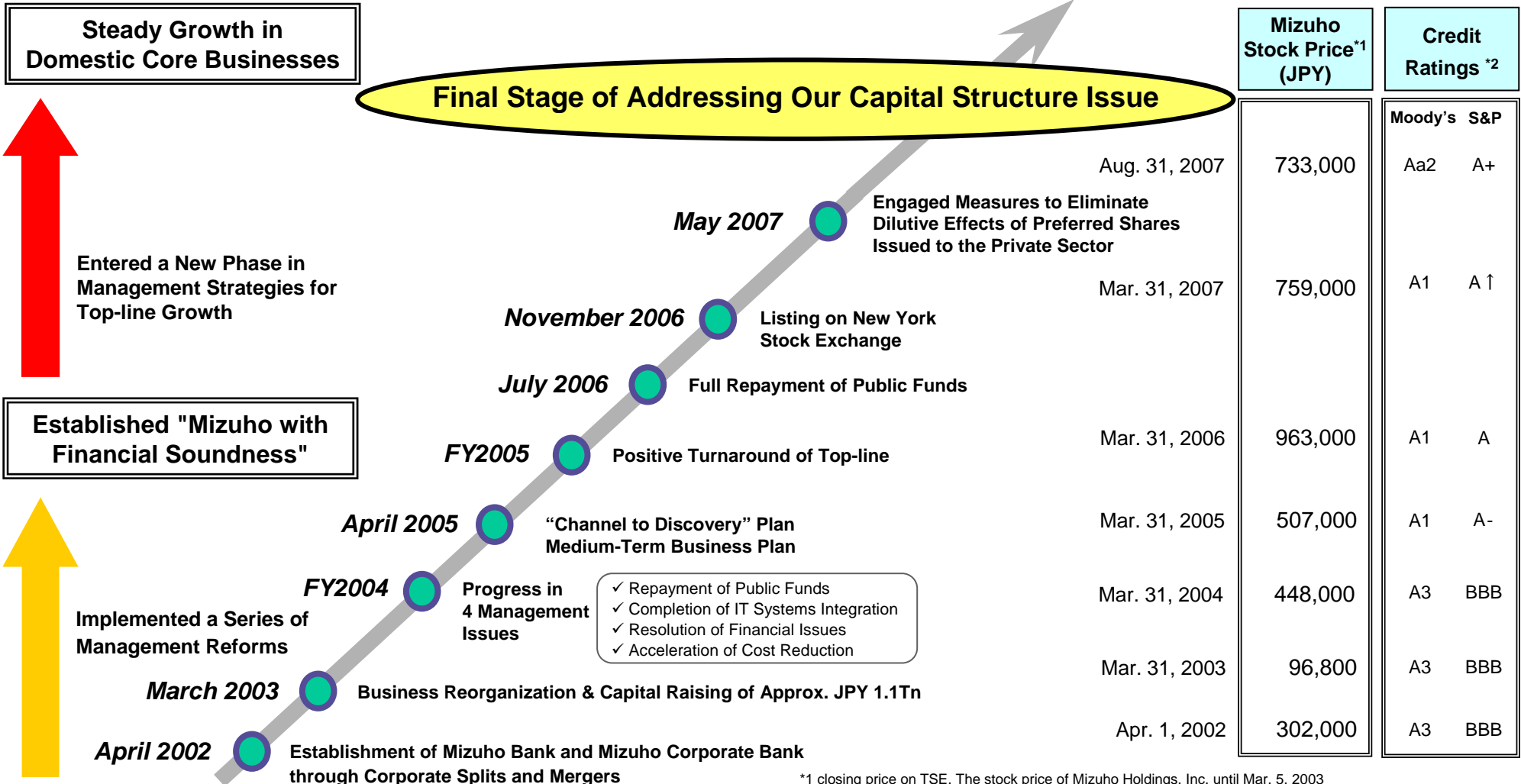
- 3 Banks:** Aggregate figures for Mizuho Bank (BK), Mizuho Corporate Bank (CB) and Mizuho Trust & Banking (TB) on a non-consolidated basis. On October 1, 2005, each of the financial subsidiaries for corporate revitalization was merged into its own parent bank, and figures before October 1, 2005 are the aggregate figures for the above three banks and their financial subsidiaries for corporate revitalization.
- 2 Banks:** Aggregate figures for Mizuho Bank and Mizuho Corporate Bank on a non-consolidated basis. On October 1, 2005, each of the financial subsidiaries for corporate revitalization was merged into its own parent bank, and figures before October 1, 2005 are the aggregate figures for the above two banks and their financial subsidiaries for corporate revitalization.

|   |                |
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# 1. Introduction

“Enhancement of the Group’s Comprehensive Profitability” supported by “Sophisticated Management Control”, and “Disciplined Capital Management”

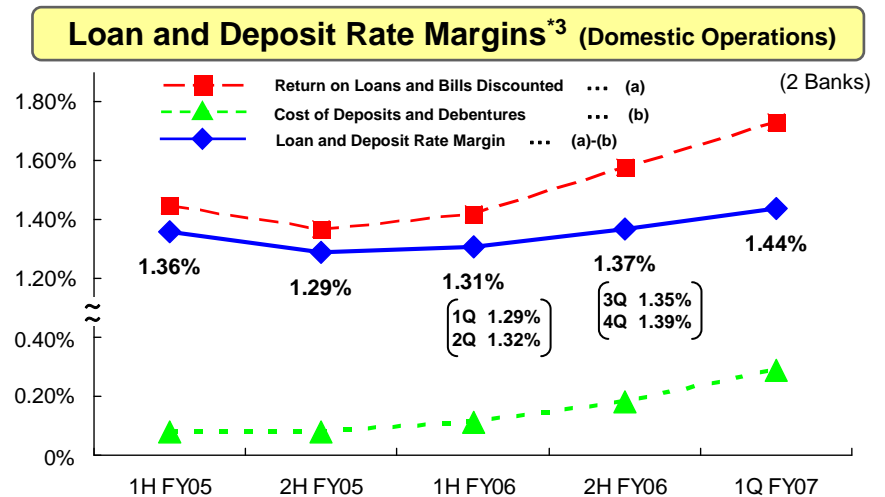
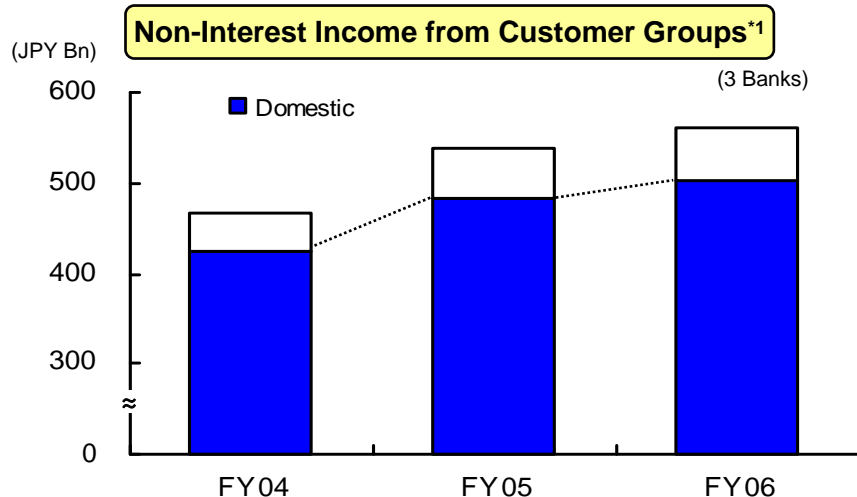
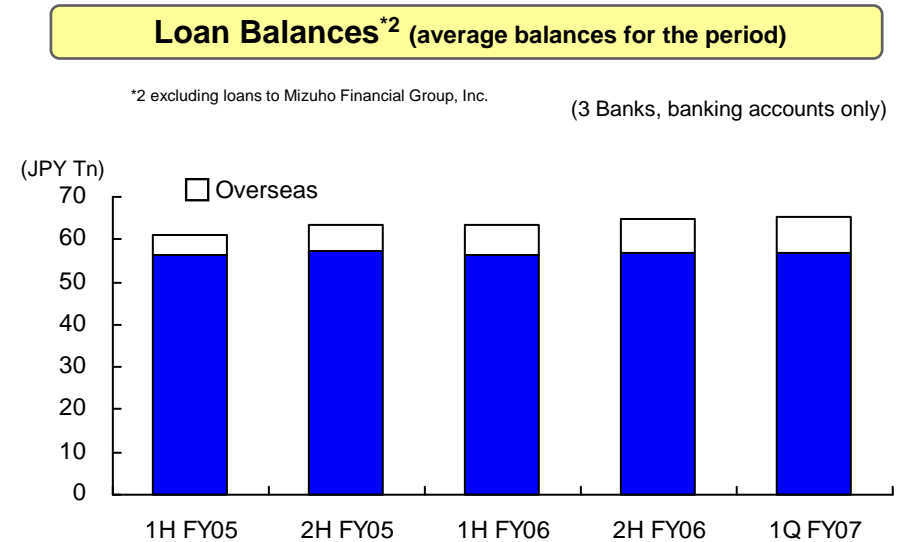
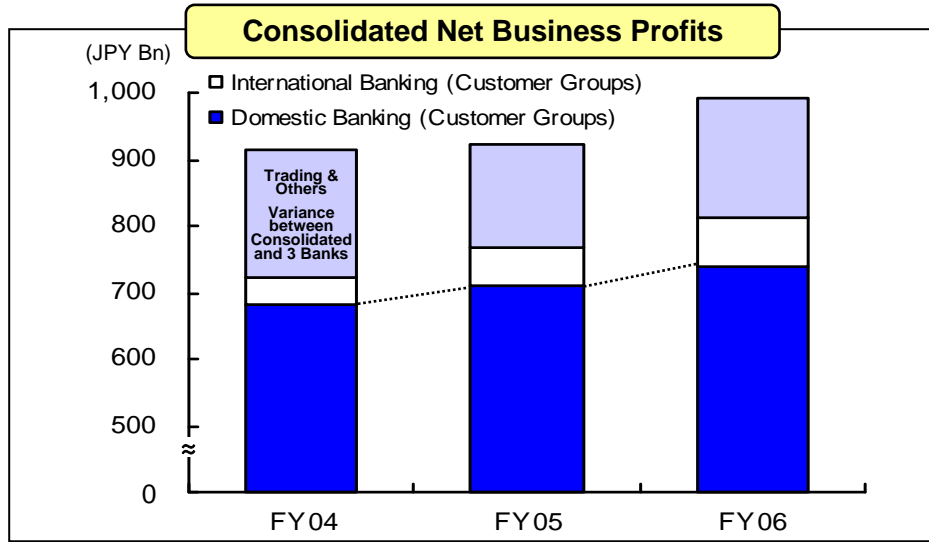


\*1 closing price on TSE. The stock price of Mizuho Holdings, Inc. until Mar. 5, 2003

\*2 long-term ratings of BK and CB ( ↑ represents ratings are placed under review for the possible upgrade)

# Steady Expansion of Domestic Core Businesses

## Steady Increase in Income from Domestic Customer Groups owing to increase in Non-Interest Income and turnaround of Net Interest Income



\*1 In 1Q FY07, income from sales of currency option products and fee and commission income from overseas business, which recorded a good performance in 1Q FY06, decreased.

\*3 Loans to Mizuho Financial Group, Inc., Deposit Insurance Corporation of Japan and the Japanese government are excluded in calculating Return on Loans and Bills Discounted. Certificates of Deposits are included in calculating Cost of Deposits and Debentures. Figures for 1H FY05 exclude the financial subsidiaries for corporate revitalization.

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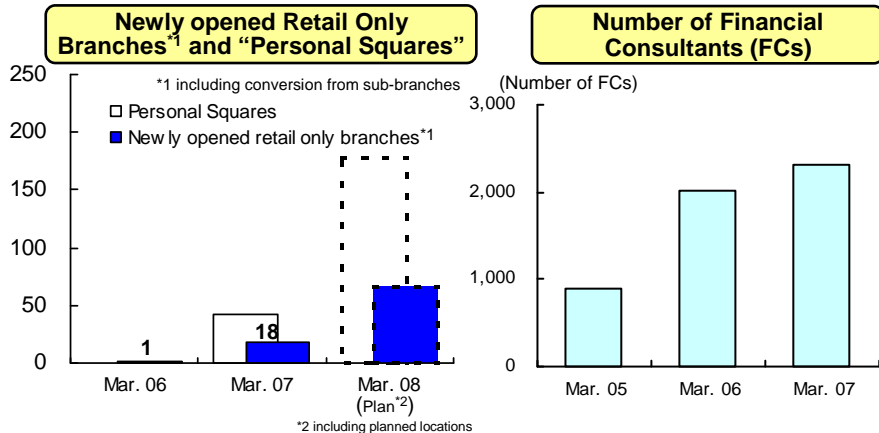
## 2. Steady Progress in Business Measures for Growth



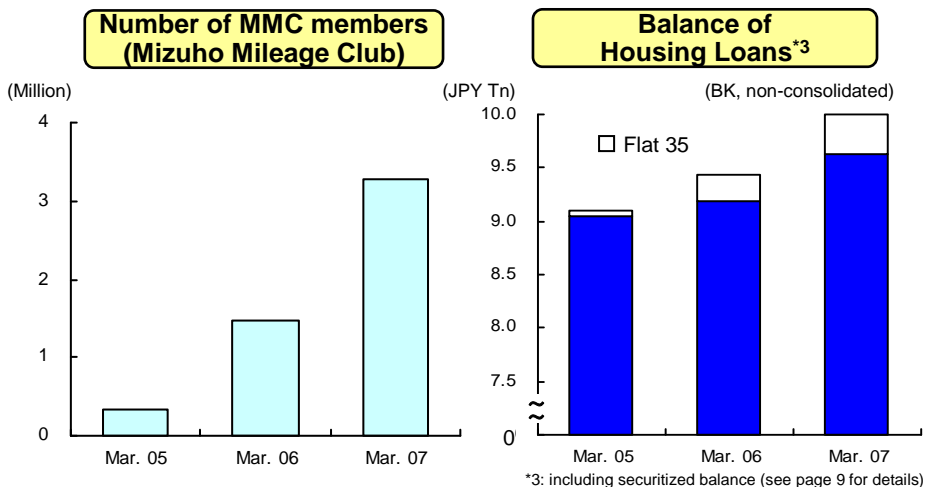
# Expansion of Domestic Retail Business Infrastructure and Preparation for Global Competitiveness

## Expansion of Domestic Retail Business Infrastructure and Customer Base

### Enhance consulting functions

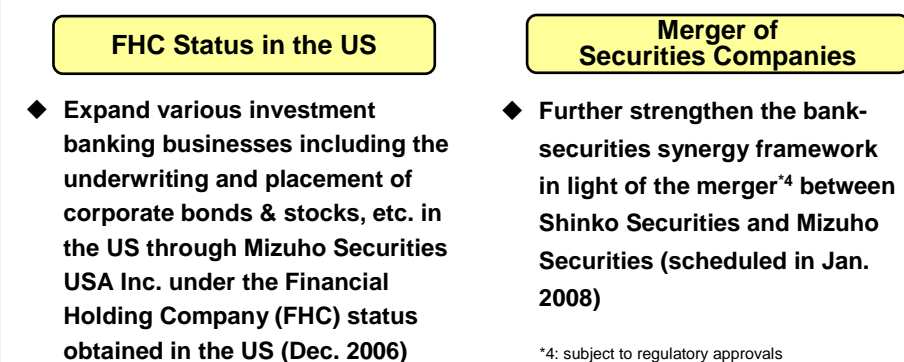


### Expand customer base

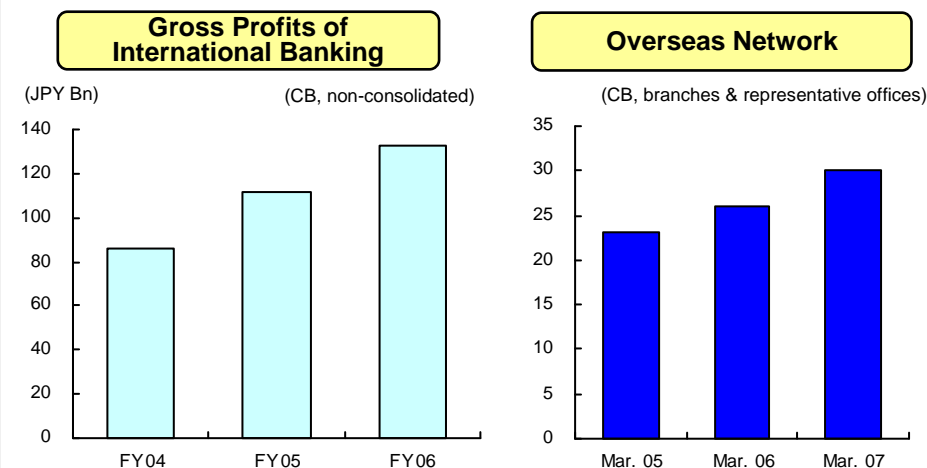


## Strengthening of the Investment Banking Business and Global Expansion

### Strengthen the investment banking business



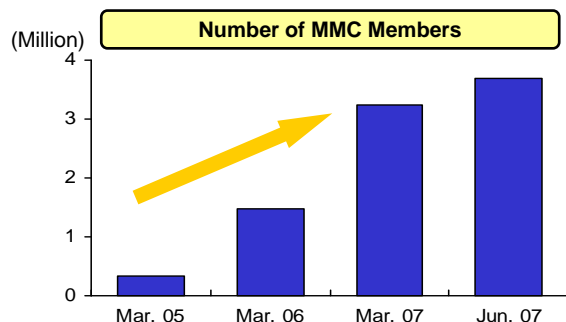
### Enhance overseas profit base and network



### Enhancement of Profitability of Mass-Retail Transactions

#### Reinforce Mass-Retail Transactions centering around "Mizuho Mileage Club (MMC)"

##### ■ Increase MMC membership



##### ■ Establish the strongest framework for the credit card business and promote cross-selling through the alliance with Credit Saison

- Establishment of Qubitous Co., Ltd., a third party credit card processing company, based on the "Integration and Realignment of the Credit Card Operations" agreement entered by Mizuho Bank, UC Card and Credit Saison.

(The Company will be established on Oct. 1, 2007.

Ownership in Apr. 2008 (Plan): Credit Saison: 51%, Mizuho Bank: 49%<sup>\*1</sup>)

<sup>\*1</sup>: Mizuho Bank will own stocks with a right to choose half of the board of directors of the company and stocks with warrants

#### Role Sharing in Business Model based on "Specialization and Collaboration"

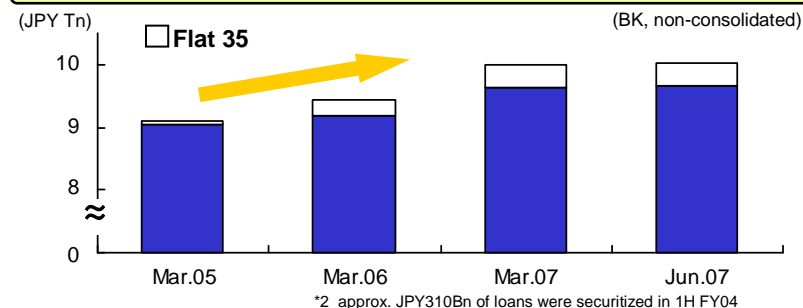
| Companies     | Major Roles  |
|---------------|--|
| Qubitous      | Processing business  |
| UC Card       | Merchant network / UC brand management, Gift card business, etc. |
| Credit Saison | Card issuance business   |

### Strengthening of Loan Business for Individuals

#### Increase Housing Loans

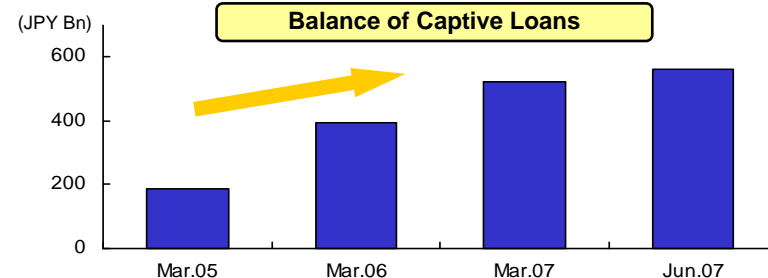
- Offer weekends and weekday off-hours consultations
- Increase the number of Housing Loan Centers

#### Balance of Residential Housing Loans + Flat 35 (including securitized balance<sup>\*2</sup>)



#### Increase Loans to individuals in alliance with Orient Corporation (Orico)

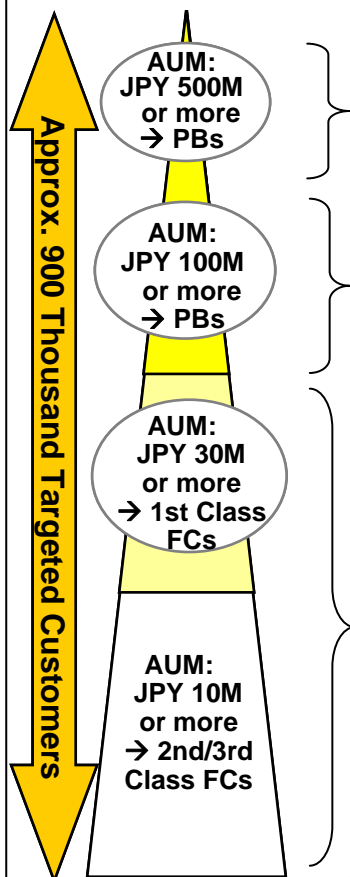
##### ■ Increase Captive Loans



- Increase Mizuho-Orico Card Loans and allied apartment loans for lease

### Increase in Investment Product Sales through Enhancement of Consulting Functions for Targeted Customers

#### Customer Segmentation by AUM



#### Strategies by Customer Segment

##### A Full-Fledged Private Banking Company

- “Mizuho Private Wealth Management”  
(Established in Oct. 05 with approx. 60 staff)

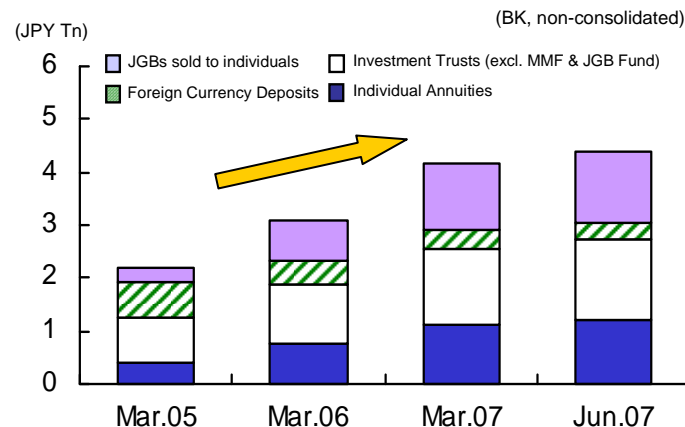
##### Further Improvements in Products and Sales Capabilities to High Net Worth Customers

- Enhance marketing capabilities (40 PB staff)
- Develop tailored PB products and services

##### Establishment of the Best Consulting Functions

- Strengthen products and services strategies
  - Provide products targeted at the “baby boomers”
  - Offer “Mizuho Premium Club” members-only services
- Enhance group synergies
  - Strengthen collaboration with Mizuho Investors Securities and Mizuho Trust & Banking

#### Balance of Investment Products & JGBs Sold to Individuals



#### Further increase points of contact with targeted customers

|                       | Mar.05 | Mar.06 | Mar.07 | Jun.07         | Beyond FY07      |
|-----------------------|--------|--------|--------|----------------|------------------|
| <b>FCs</b>            | 893    | 2,007  | 2,320  | 3,000 (target) |                  |
| <b>Premium Salons</b> | 26     | 150    | 250    | 264            | Further increase |
| <b>Planet Booths</b>  | 41     | 73     | 100    | 103            | Further increase |

#### Enhancement of Compliance Framework

##### Enhance management mechanism for customer protection

- Respond appropriately to customer complaints (management of response deadlines, progress checks, etc.)
- Evaluate sufficiency of customer accountability and continued improvements

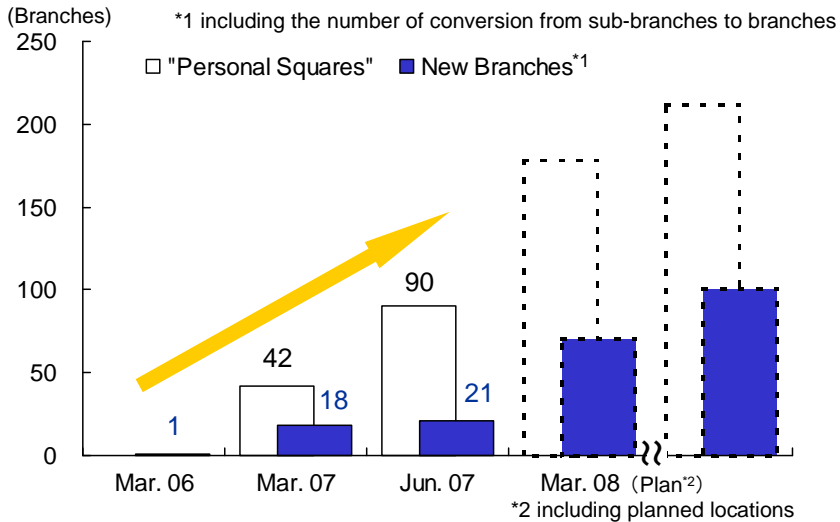
##### Enhance compliance framework, education and training

- Stringent compliance checking process when introducing products and strategic measures, etc.
- Appropriate PRs on products and services complying with relevant rules and regulations

## Improvement of Quality and Quantity of Customer Contacts

- Increase number of branch channels  
(Open new branches and convert sub-branches into branches)
  - Carefully select locations based on quantity evaluation of market resources: Target: 100 branches (Plan to achieve approx. 70% by Mar. 08 including planned locations)
- Redesign branches into "Personal Squares"
  - Branches are designed flexibly to adapt to individual market features

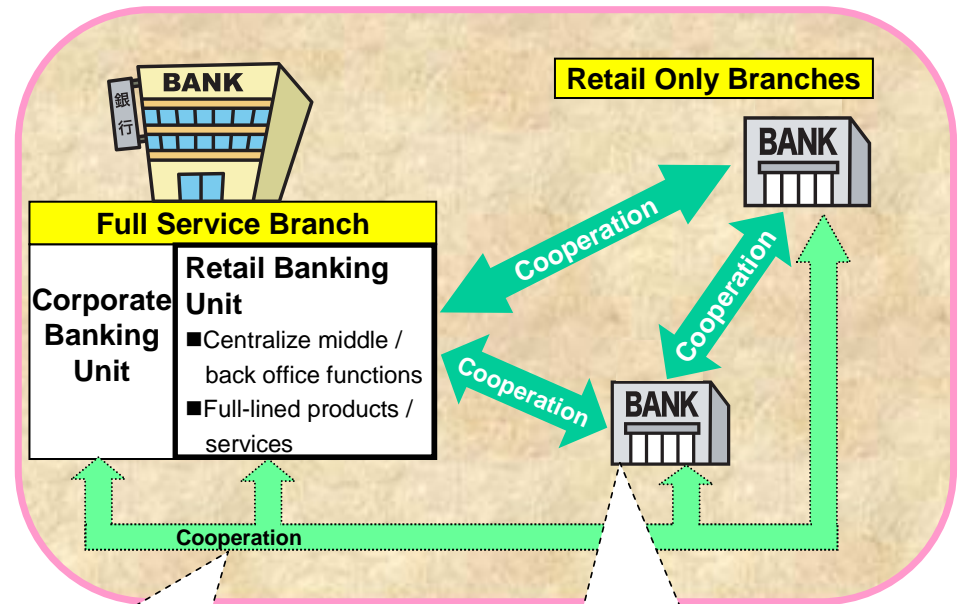
Number of Retail Only Branches\*1 and "Personal Squares"



- Increase number of marketing staff and centralize sales forces
  - Establish Retail Business Promotion Sections in all branches: Centralize retail marketing force in branches
- Promote effective and efficient targeting through database marketing by utilizing RMDB (Relationship Marketing Database)

## Development of Effective and Efficient Channel Network

- Promote business through cooperation between full service branches and retail only branches (Area Branch System) : Phased expansion from FY07  
(Includes enhancement of cooperation with Corporate Banking Units in full service branches)



### Enhance cooperation with Corporate Banking Unit

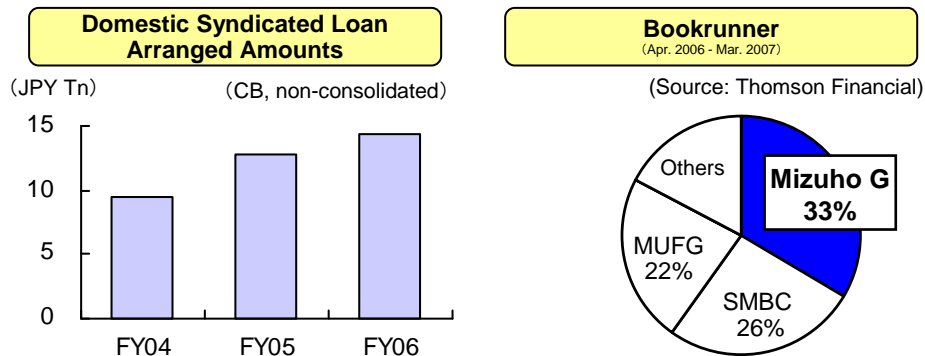
- Transactions with business owners (e.g. IPOs, succession planning for businesses)
- Transactions with employees of corporate customers, etc.

### Review strategically Retail Only Branches

- Change branch design
- Streamline business
- Focus on products/services offered
- Optimize scale

### Provision of Advanced Financial Products and Comprehensive Solutions

#### ■ Syndicated Loan Business



#### ■ Investment-banking type Finance

##### — Project Finance

:Global League Table 2006: Ranked No. 3 (Source: Thomson Financial)

:The Americas League Table 2007 (Jan.-Jun.): Ranked No. 1

(Source: Thomson Financial)

| Rank | MLA                    | Amount (USD M) |
|------|------------------------|----------------|
| 1    | Mizuho Financial Group | 2,981.7        |
| 2    | Lehman Brothers        | 2,081.2        |
| 3    | Mitsubishi UFJ         | 1,938.8        |
| 4    | Credit Suisse          | 1,460.0        |
| 5    | RBC                    | 1,150.0        |

##### — Leveraged Finance / MBOs

: Provide Leveraged finance through the most advanced global network (Tokyo, New York, London, Hong Kong) and diverse functions among Japanese banks

##### — Real Estate Finance

: Provide the best solutions proven as a good track record of arranging deals

### Provision of a Full-line of Financial Services through Linkage between Banking and Securities Services

#### ■ Expand investment banking businesses in the US through Mizuho Securities USA Inc. under the Financial Holding Company (FHC) status obtained in the US (Dec. 2006)

- Broader range of investment banking services will be provided in the US
  - Commenced businesses such as underwriting of publicly offered bonds & stocks of US corporate customers, and underwriting and sales of CPs of Japanese corporate customers in the US
  - Deployed staff who are assigned concurrently at Mizuho Corporate Bank (USA) and Mizuho Securities USA

#### ■ Further strengthen the bank-securities synergy framework in light of the merger between Shinko Securities and Mizuho Securities\* (scheduled in Jan. 2008)

- Combine the two companies' strengths: Mizuho Securities' global platform in the investment banking business and Shinko Securities' nationwide customer base and business network as a full-service securities company

\*subject to regulatory approvals

#### Outline of the Merger

|  |   |
|--|---|
| New Company  | Mizuho Securities Co., Ltd.   |
| Merger Structure                                       | Shinko Securities will be the surviving entity, and Mizuho Securities will be the dissolving entity                                   |
| Merger Ratio   | Shinko Securities (Surviving Entity) 1<br>: Mizuho Securities (Dissolving Entity) 343   |
| New Equity Stake of Mizuho Financial Group upon Merger | Approx. 58%<br>(Based on the number of shares held as of the end of Mar. 2007, including treasury stock pursuant to the TSE standard) |

### Enhancement of Overseas Income and Customer Base

#### Overseas Japanese

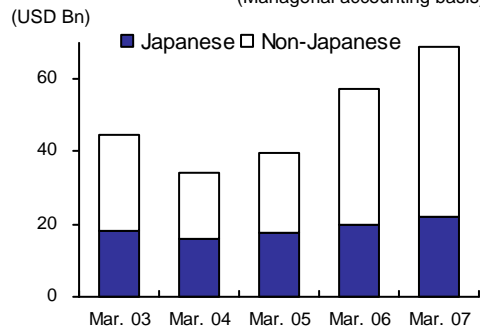
- Stable increase in both loan balances and non-interest income, especially in Asia

#### Overseas Non-Japanese

- Increase in both loan balances and fee & commission income

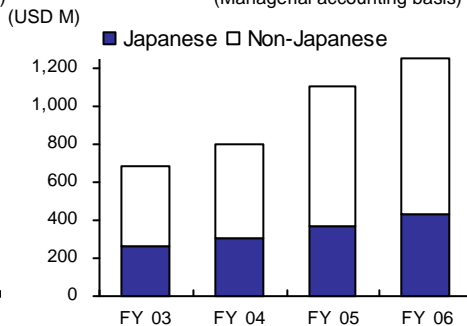
Loan Balances of Overseas Branches  
(by customer)

(Managerial accounting basis)



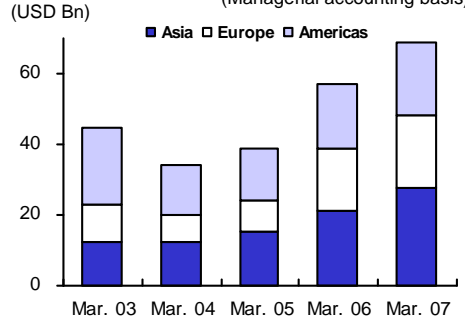
Overseas Gross Profits  
(by customer)

(Managerial accounting basis)



Loan Balances of Overseas Branches  
(by geographic area)

(Managerial accounting basis)



- Well-balanced US, Europe and Asia loan portfolio
- Increased mainly as a result of increase in corporate deals with non-Japanese customers (risk-weighted assets basis)

### Expansion of Overseas Network

#### Strategic expansion of the network through opening new offices

<FY2006> New Delhi (May 06), Wuxi (Jun.06), Brussels (Mizuho Corporate Bank Nederland, Jul.06), Ho Chi Minh City (Oct.06), Sao Paulo (Feb.07), and Moscow (Mar.07)

<FY2007 onward> Milan (Apr.07), Mexico (May 07), Dubai (Jun. 07)  
Taichung (to be opened during 2H FY07)

#### Expand customer base and complement business functions through business alliances and investments in overseas financial institutions

<FY2006> Thailand: TISCO Bank (Jun.06), South Korea: Korea Development Bank and Shinhan Financial Group (Sep.06), Kazakhstan: JSC Kazkommertsbank and JSC Development Bank of Kazakhstan, (Feb.07), Mexico: BANORTE (Mar.07)

<FY2007 onward> China: China CITIC Bank  
(Apr.07 – an equity investment only)

#### Commenced operations of a banking subsidiary in China: “Mizuho Corporate Bank (China), Ltd.”

- 5 branches in China (Shanghai (head office), Beijing, Shenzhen, Dalian and Wuxi) commenced operations (Jun. 07)
- Established Tianjin branch (Jul. 07)

#### Benefits expected from establishing a banking subsidiary in China

- Facilitate license acquisition of RMB deposit-taking, lending, etc.
- Facilitate license acquisition for new business
- Facilitate expansion of the branch network in China

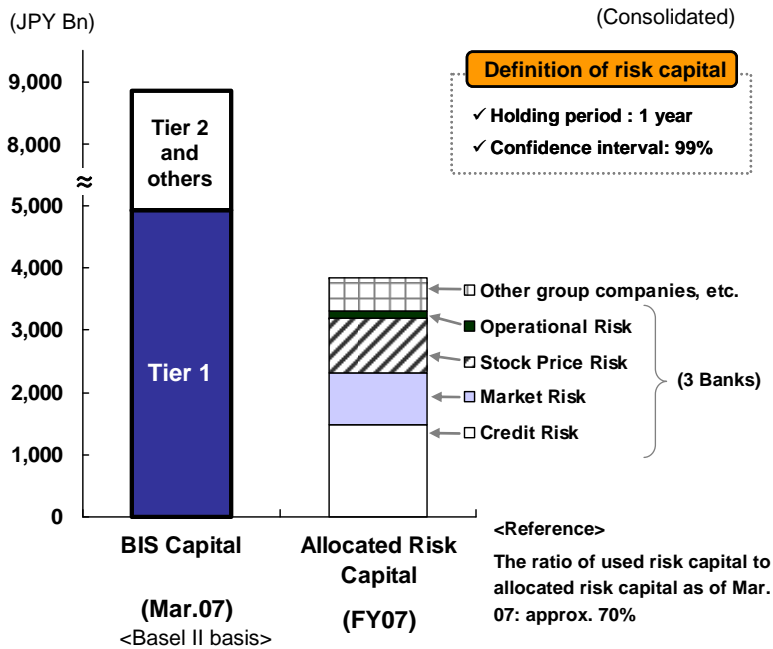
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## 3. Sophisticated Management Control



## Integrated Risk Management

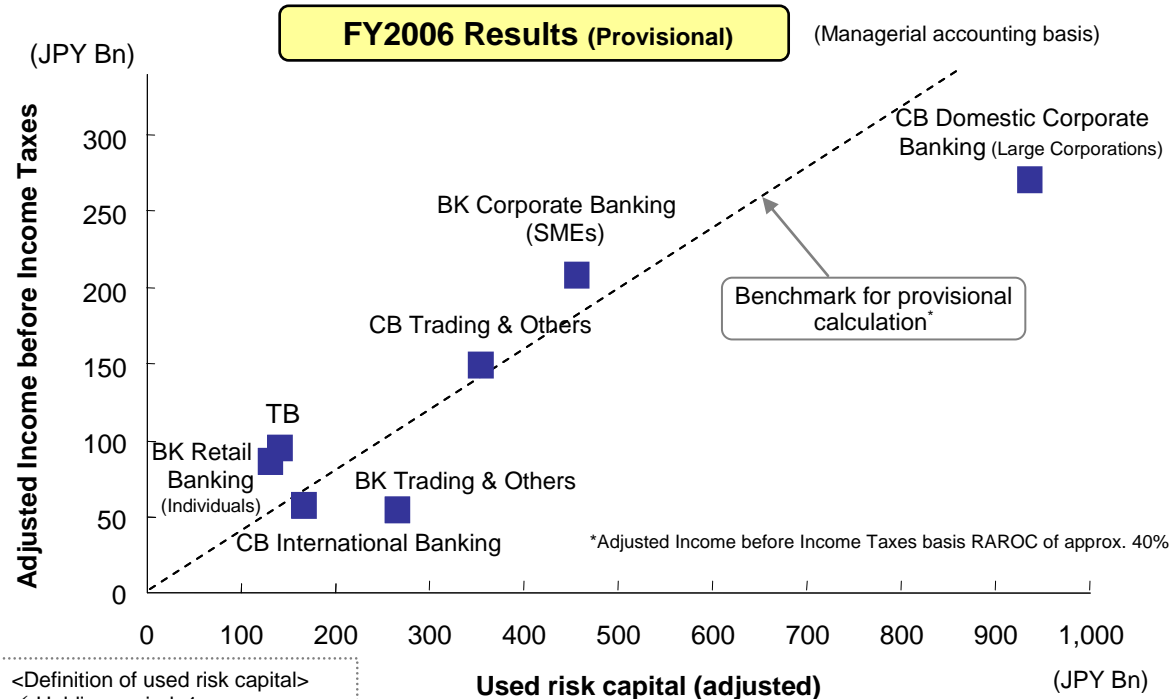
### Risk Capital



- Pursue earnings growth through appropriate risk taking by putting more focus on risk-return balance in light of the Basel II concepts
- Aim to build a management system that strengthens the linkage between the integrated risk management and the profit plan

## RAROC by Business Segment

- Risk-return analysis using “RAROC (Adjusted Income before Income Taxes basis)” as an indicator of management control at the holding company level



### Assumptions used in calculations (Summary)

Following items are booked in the relevant business segments as follows:

- ✓ Headquarters accounts → Booked in Customer Groups and Trading & Others based on certain rules
- ✓ Treatment of gains and losses related to stocks, etc. → Gains and Losses related to Stocks and Credit Costs, etc. are booked in each business segment according to customer profiles, etc.
- ✓ Treatment of unrealized gains and losses (excluding those related to stocks) → Unrealized Gains and Losses are booked in Trading & Others
- ✓ Treatment of the income of subsidiaries and affiliated companies → Booked in relevant business segment according to control of the entity, etc.



## The First Pillar and The Second Pillar\*1

- Adopted the following risk measurement approaches
  - Credit Risk... Foundation Internal Ratings Based (FIRB)
  - Operational Risk... The Standardised Approach (TSA)
  - ➔ Plan to replace both by the advanced approaches\*2

\*2 subject to approvals by the regulatory authorities

- Further enhance the internal management system
  - Sophistication of the risk measurement system, data maintenance, utilization of control self-assessment (CSA), etc.

- Calculation results for the outlier regulations (Mar.07)

**Confirmed that “the amount of the interest rate risk of the banking account was less than 20% of the BIS Capital”**

| Interest Rate Risk Amount*3 | BIS Capital*4 | Ratio to BIS Capital |
|-----------------------------|---------------|----------------------|
| JPY 626.1Bn                 | JPY 8,841.3Bn | 7.1%                 |

\*3 assuming a certain stressed interest rate movement scenario

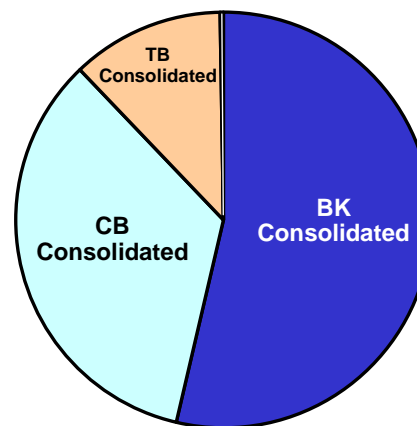
\*4 Basel II basis

\*1 The First Pillar: Minimum Capital Requirements, The Second Pillar: Supervisory Review Process

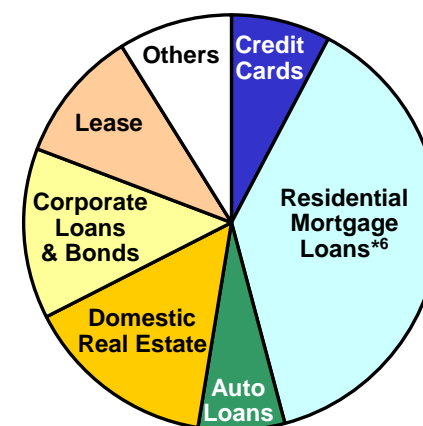
## The Third Pillar\*5

- “Status of Capital Adequacy” in our recent disclosure report (published in July 2007)
- Securitization exposure
  - “Securitization exposure as investor”: JPY4.2Tn (Consolidated)
    - ✓ Over 87% of total exposure fell in the “Up to 20%” risk weight category
    - ✓ Over three-quarters of total exposure is with domestic underlying assets

**By Entity**



**By Underlying Asset**



\*5 The Third Pillar: Market Discipline through Disclosure

\*6 approx. 90% is with underlying assets of domestic residential mortgage loans

# Strengthening of Internal Controls in Compliance with SOX Act

## Strengthen Internal Controls

**Develop internal controls over financial reporting (SOX Section 404)**

- Documented internal controls  
→ Documented over 70,000 pages
- Built system for testing design and operating effectiveness

⇒ **Implemented 1st rehearsal on evaluation\* (Sep. 06), and confirmed that there were no major concerns**

- Completed documentation on the conversion process to US GAAP financial statements and Basel II

⇒ **Implemented 2nd rehearsal on evaluation\* (Jul. 07), and certified the effectiveness of Disclosure Controls and Procedures**

**Enhance corporate governance**

- Developed SOX compliance under the corporate auditor system  
→ Ensured the independence of outside auditors (compliance achieved in FY05)  
→ Appointed an external corporate auditor who is an expert in US accounting standards (Jun. 06)
- Met SOX-related compliance requirements  
→ Regarding financial reporting:  
(1) code of ethics, (2) internal controls and audit hotline, a system designed for obtaining concerns regarding questionable accounting or auditing matters from both inside and outside the group

## Strengthen Disclosure Controls and Procedures (DCP)

**Ensure DCP (SOX Section 302)**

- Established Disclosure Committees in the major group companies, and started to review statutory disclosure materials, etc.
- Developed infrastructure to receive "Inter-group certification" evaluation reports on DCP from each of the major group companies

**Establish basic principles and internal rules on DCP**

- Established group's "Disclosure Policy" and disclosed it through the group website in Jul. 06
- Developed group's basic principles and internal rules related to DCP and posted "DCP officer" in each divisions of the major group companies
- Established "Guidelines for Timely Disclosure" reflecting the US disclosure rules

## Past Progress

## Ongoing Process

Prepare to produce **"Section 404 Management's Reports on Internal Controls over Financial Reporting"** (from FY07's Form 20-F)

- Implement testing of design and operating effectiveness, and audit on Internal Controls over Financial Reporting by independent auditor
- Implement additional Section 404 compliance in line with the merger of Shinko Securities and Mizuho Securities

Prepare for **"Japanese version SOX"** (from FY08's annual securities report ("Yukashoken-Hokokusho"))

- Consider additional required measures

\*rehearsal on evaluation (testing design and operating effectiveness):  
Rehearsal on a series of evaluation processes on internal controls required by Section 404 before the actual compliance deadline

## Past Progress

Submitted **CEO/CFO's "Section 302 Certifications"** (in FY06's Form 20-F)

- CEO/CFO concluded that our DCP as of March 31, 2007 were effective (after the Disclosure Committee's review)
- Based on the above results, disclosed the evaluation on effectiveness of DCP in Form 20-F

↓  
To be continued through next fiscal year and onward

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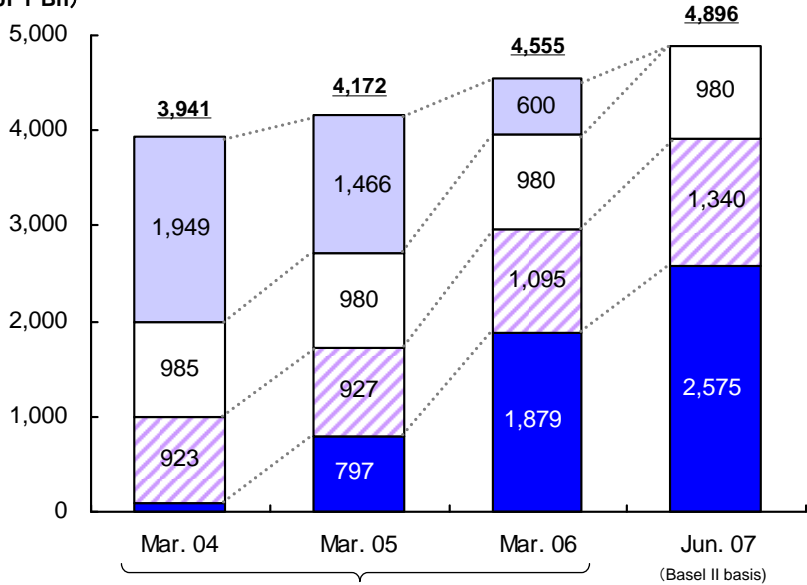
## 4. Disciplined Capital Management

## Qualitative and Quantitative Improvement of Capital

### Composition of Consolidated Tier 1 Capital

- Public Funds
- Preferred Shares issued to the private sector
- Preferred Debt Securities

(JPY Bn)



| Hybrid Ratios* | 97.8% | 80.8% | 58.7% | 47.3% |
|----------------|-------|-------|-------|-------|
|----------------|-------|-------|-------|-------|

\* (Public Funds + Preferred Shares issued to the private sector + Preferred Securities) / Tier 1 Capital

### Consolidated BIS Capital Ratio

(Basel II basis, Jun. 2007)

|                   |        |                      |       |
|-------------------|--------|----------------------|-------|
| BIS Capital Ratio | 12.19% | Tier 1 Capital Ratio | 6.86% |
|-------------------|--------|----------------------|-------|

## Addressing the Capital Issues

(Remaining Issue)

**Convertible preferred shares issued to the private sector (JPY 943.7Bn: Conversion period to commence from July 2008)**

■ Plan to Eliminate Dilutive Effects

→ Started to Repurchase Own Shares (Common Stock)

**Completed the repurchase that was resolved at the Board of Directors meeting held on May 22, 2007**

Type of shares repurchased: Shares of common stock of Mizuho Financial Group, Inc.

Aggregate number of shares repurchased: 214,900 shares

Aggregate amount of repurchase: JPY 149,954,228,000

Method of repurchase: Purchased on the Tokyo Stock Exchange through a trust established for this purpose

Period of repurchase: From August 16 to September 6, 2007

(→ Plan to cancel all the shares repurchased)

Continue to consider setting up additional repurchase limits and conducting share repurchases, based on market conditions, our earnings trend and other factors

(Completed Issues)

Repayment of public funds

**Completed**

Treasury stock held by Mizuho Financial Strategy (a 100% subsidiary)

**Completed**

Focus on ROE & EPS → Review Our Policies in View of Global Banks

Deploy Capital and Dividend Policies in Balance with Pursuit of Growth Opportunities

**Aim to manage with the intent to provide returns to shareholders**

- Flexibly make dividend payments and conduct share repurchases

**For FY2007:**

- Increased cash dividends for FY2006 to JPY7,000 (+JPY3,000)
- Repurchased own shares  
Treasury stock held by a subsidiary (JPY 221.1Bn)  
Common stock (JPY 149.9Bn)

(Reference)

**Returns to Shareholders**

Aggregate amount of  
Cash Dividends and  
Share Repurchases,  
etc. (A)

Consolidated  
Net Income (B)

(A) / (B)

|               |  |   | Aggregate amount of<br>Cash Dividends and<br>Share Repurchases,<br>etc. (A) | Consolidated<br>Net Income (B)    | (A) / (B)               |
|---------------|--|---|---|-----------------------------------|-------------------------|
| <b>FY2005</b> | Dividends Paid*1 (Jun. 2006) :<br>Sale of Treasury Stock :<br>Public Fund Preferred Shares (Convertible) Repurchased :   | JPY 79.8Bn<br>- JPY 531.6Bn<br>JPY 943.6Bn  | <b>JPY 491.8 Bn</b>   | <b>JPY 649.9 Bn</b>               | <b>75%</b>              |
| <b>FY2006</b> | Dividends Paid*1 (Jun. 2007) :<br>(Treasury Stock Repurchased :<br>(Public Fund Preferred Shares (Non-Convertible) Repurchased :   | JPY 101.2Bn<br>JPY 129.9Bn)<br>JPY 603.4Bn) | <b>JPY 101.2 Bn<br/>(JPY 834.5Bn)*2</b>                                     | <b>JPY 620.9 Bn</b>               | <b>16%<br/>(134%)*2</b> |
| <b>FY2007</b> | Estimated Dividends to be Paid*1*3 (Jun. 2008) :<br>(Treasury Stock Repurchased :<br>Repurchase of Own Shares (Common Stock) :<br>(Period of repurchase: from Aug. 16, 2007 to Sep. 6, 2007) | JPY 133.9Bn<br>JPY 221.1Bn)<br>JPY 149.9Bn  | (Plan)<br><b>JPY 283.8 Bn<br/>(JPY 504.9Bn)*4</b>                           | (Estimate)<br><b>JPY 750.0 Bn</b> | <b>37%<br/>(67%)*4</b>  |

\*1 Common share dividends paid (excluding dividends on treasury stock (including the shares held by Mizuho Financial Strategy)) + Private sector preferred share dividends paid + Public fund preferred share dividends paid

\*2 Including repurchases of treasury stock held by a subsidiary and public fund preferred shares (non-convertible)

\*3 Excluding cash dividends (to be paid) to the own shares which had been repurchased from Aug. 16, 2007 to Sep. 6, 2007 (aggregate number of common shares repurchased: 214.9 thousand shares)

\*4 Including repurchase of treasury stock held by a subsidiary

**For FY2008:**

**Plan to increase cash dividends for FY2007 to JPY 10,000 (+JPY 3,000)**

**Strengthen capital base to support growth strategies**

- through increasing profits and securing flexibility of capital management

**Aim to raise consolidated Tier 1 capital ratio (Basel I basis) to 7% over time**

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## 5. In Closing