

REINVENTING MIZUHO



Five and a half years have passed since I became president and CEO of Mizuho Financial Group, Inc. following the consolidation of our three legacy banks. It has been a challenging journey but today the group is positioned for growth. The new Mizuho of 2002 faced a Japanese economy mired in severe deflation, and the bank required a thorough restructuring. Through diligence and leadership we raised new capital, improved profitability and repaid some ¥3 trillion (\$26 billion) in public funds. As a result, Mizuho has made a comeback on the global stage as the leading Japanese bank, marked by increased market capitalization, upgraded credit ratings and a listing of ADRs on the NYSE in 2006.

From its inception, Mizuho has taken advantage of one of Japan's broadest customer bases — 25 million domestic individual accounts and more than 70 percent of Japan's listed corporations. We introduced an indepen-

dent holding-company structure and a unique marketing-oriented business model. As sole CEO of the holding company, I focus on group-level strategy, resource allocation and disciplined capital management. For our major area of business, we established Mizuho Corporate Bank to serve large domestic corporations and international wholesale businesses and Mizuho Bank to focus on retail customers and smaller businesses. This segmentation by customer gave us a clearer identity and sharper marketing.

With the recovery of the Japanese economy, this model is revealing its strength. We are strengthening investment banking capabilities to compete on a global level. We are merging our securities companies to better focus our capital market services for domestic and international corporate clients on top of obtaining Financial Holding Company status in the U.S. in 2006.

We also are enhancing the retail banking business, which is Mizuho's core competence and is still in a growth stage. Our aim is to increase profitability in the mass-retail business by changing the earnings structure from one in which just 10 percent of our customers produce 80 percent of our profit. To multiply transactions, we have created the "Mizuho Mileage Club," an awards program that lets customers redeem points for banking benefits or credits from our corporate partners. This program is also a highly effective marketing tool, since we adjust the weighting of the points to encourage our targeted business areas.

We are also moving quickly to increase our financial-consultant services as individuals in Japan shift their assets from savings to investments. As we build this business, we are not driven by short-term performance; rather, we are

determined to foster long-standing relationships by winning each customer's confidence.

In leading Mizuho, I follow the principle of "independence and self-respect" articulated by Yukichi Fukuzawa, whose portrait appears on the ¥10,000 banknote and whose home village I share. For me, this principle means that one should be guided by rational judgment and be resolute, taking full responsibility for consequences and never imitating others. This is reflected in Mizuho's corporate structure and values, where we emphasize accountability and results. It is a "no excuses" approach that can be understood in any culture; indeed, I recently discussed it with the CEO of a leading U.S. bank.

"MIZUHO'S CORPORATE STRUCTURE AND VALUES EMPHASIZE ACCOUNTABILITY AND RESULTS."

As my colleagues and I look to the future, we are confident that Mizuho's business momentum will continue. We have built a dynamic corporate structure with accountability at every level, and we have talented individuals who persevered during the difficult turnaround period. We will also continue to benefit from the NYSE listing, which reflects our commitment to global standards of governance and transparency.

My personal commitment to the spirit of "independence and self-respect" remains strong and guides my efforts to increase Mizuho's corporate value and returns to all of its stakeholders today and in the years ahead. ■

Mizuho Financial Group was formed by the 2002 merger of Dai-Ichi Kangyo Bank, Fuji Bank and Industrial Bank of Japan.