MIZUHO FINANCIAL GROUP INC
Form 20-F
July 23, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report

For the transition period from to

Commission file number 001-33098

Kabushiki Kaisha Mizuho Financial Group

(Exact name of Registrant as specified in its charter)

Mizuho Financial Group, Inc.

(Translation of Registrant s name into English)

Japan

(Jurisdiction of incorporation or organization)

5-1, Marunouchi 2-chome

Chiyoda-ku, Tokyo 100-8333

Japan

(Address of principal executive offices)

Hisaaki Hirama, +81-3-5224-1111, +81-3-5224-1059, address is same as above

(Name, Telephone, Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Stock, without par value	The New York Stock Exchange*
American depositary shares, each of which represents two shares of common stock	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

At March 31, 2012, the following shares of capital stock were issued: (1) 24,048,165,727 shares of common stock (including 27,155,428 shares of common stock held by the registrant as treasury stock), (2) 914,752,000 shares of eleventh series class XI preferred stock (including 541,073,800 shares of eleventh series class XI preferred stock held by the registrant as treasury stock), and (3) 36,690,000 shares of thirteenth series class XIII preferred stock.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes x No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ¨ No x

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x   Accelerated filer ¨   Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP x   International Financial Reporting Standards as issued by the International Accounting Standards Board ¨   Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ¨ Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ¨ No x

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

¨ Yes ¨ No

* Not for trading, but only in connection with the registration and listing of the ADSs.

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MIZUHO FINANCIAL GROUP, INC.

ANNUAL REPORT ON FORM 20-F

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this annual report, we, us, and our refer to Mizuho Financial Group, Inc. and, unless the context indicates otherwise, its consolidated subsidiaries. Mizuho Financial Group refers to Mizuho Financial Group, Inc. Furthermore, unless the context indicates otherwise, these references are intended to refer to us as if we had been in existence in our current form for all periods referred to herein.

In this annual report, our principal banking subsidiaries refer to Mizuho Corporate Bank, Ltd., Mizuho Bank, Ltd. and Mizuho Trust & Banking Co., Ltd. (or with respect to references as of a date, or fiscal year ending, before April 1, 2002, to The Dai-Ichi Kangyo Bank, Limited, The Fuji Bank, Limited, The Industrial Bank of Japan, Limited, Mizuho Trust & Banking and The Yasuda Trust and Banking Co., Ltd.).

In this annual report, references to U.S. dollars, dollars and $ refer to the lawful currency of the United States and those to yen and ¥ refer to lawful currency of Japan.

In this annual report, yen figures and percentages have been rounded to the figures shown. However, in some cases, figures presented in tables have been adjusted to match the sum of the figures with the total amount, and such figures may also be referred to in the related text. In addition, yen figures and percentages in Item 3.A. Key Information Selected Financial Data Japanese GAAP Selected Consolidated Financial Information and others that are specified, have been truncated to the figures shown.

Our fiscal year end is March 31. References to years not specified as being fiscal years are to calendar years.

Unless otherwise specified, for purposes of this annual report, we have presented our financial information in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Unless otherwise stated or the context otherwise requires, all amounts in our financial statements are expressed in Japanese yen.

We usually hold the ordinary general meeting of shareholders of Mizuho Financial Group in June of each year in Chiyoda-ku, Tokyo.

FORWARD-LOOKING STATEMENTS

We may from time to time make written or oral forward-looking statements. Written forward-looking statements may appear in documents filed with the Securities and Exchange Commission, including this annual report, and other reports to shareholders and other communications.

The U.S. Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking information to encourage companies to provide prospective information about themselves. We rely on this safe harbor in making these forward-looking statements.

This annual report contains forward-looking statements regarding the intent, belief or current expectations of our management with respect to our financial condition and future results of operations. 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 relat 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. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks and uncertainties include, without limitation, the following:

- incurrence of significant credit-related costs;

- declines in the value of our securities portfolio, including as a result of the declines in stock markets and the impact of the dislocation in the global financial markets;

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- changes in interest rates;
- foreign exchange rate fluctuations;
- decrease in the market liquidity of our assets;
- revised assumptions or other changes related to our pension plans;
- a decline in our deferred tax assets;
- the effect of financial transactions entered into for hedging and other similar purposes;
- failure to maintain required capital adequacy ratio levels;
- downgrades in our credit ratings;
- our ability to avoid reputational harm;
- our ability to implement our Medium-term Management Policy and other strategic initiatives and measures effectively;
- the effectiveness of our operation, legal and other risk management policies;
- the effect of changes in general economic conditions in Japan and elsewhere; and
- amendments and other changes to the laws and regulations that are applicable to us.

Our forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. We identify in this annual report in Item 3.D. Key Information Risk Factors, Item 4.B. Information on the Company Business Overview, Item 5. Operating and Financial Review and Prospects and elsewhere, some, but not necessarily all, of the important factors that could cause these differences.

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.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. Selected Financial Data

The following tables set forth our selected consolidated financial data.

The first table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2008, 2009, 2010, 2011 and 2012 which have been derived from the audited consolidated financial statements of Mizuho Financial Group prepared in accordance with U.S. GAAP included in this annual report.

The second table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2008, 2009, 2010, 2011 and 2012 derived from Mizuho Financial Group s consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP.

The consolidated financial statements of Mizuho Financial Group as of and for the fiscal years ended March 31, 2010, 2011 and 2012 prepared in accordance with U.S. GAAP have been audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) by Ernst & Young ShinNihon LLC, independent registered public accounting firm.

You should read the U.S. GAAP selected consolidated financial information presented below together with the information included in Item 5. Operating and Financial Review and Prospects and the audited consolidated financial statements, including the notes thereto, included in this annual report. The information presented below is qualified in its entirety by reference to that information.

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U.S. GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31, 2008	2009	2010	2011	2012
	(in millions of yen, except per share data and percentages)				
Statement of income data:					
Interest and dividend income	¥ 3,110,260	¥ 2,384,191	¥ 1,632,282	¥ 1,460,184	¥ 1,437,086
Interest expense	1,911,522	1,102,015	528,159	448,857	415,959
Net interest income	1,198,738	1,282,176	1,104,123	1,011,327	1,021,127
Provision (credit) for loan losses	(57,766)	567,396	222,102	647	(23,044)
Net interest income after provision (credit) for loan losses	1,256,504	714,780	882,021	1,010,680	1,044,171
Noninterest income	1,094,943	452,227	1,330,847	1,036,532	1,090,135
Noninterest expenses	1,504,309	1,525,101	1,526,413	1,435,855	1,471,471
Income (loss) before income tax expense (benefit)	847,138	(358,094)	686,455	611,357	662,835
Income tax expense (benefit)	672,176	761,908	(360,195)	193,227	13,878
Net income (loss)	174,962	(1,120,002)	1,046,650	418,130	648,957
Less: Net income (loss) attributable to noncontrolling interests[1]	(53,656)	(61,555)	46,961	5,461	(7,432)
Net income (loss) attributable to MHFG shareholders	¥ 228,618	¥ (1,058,447)	¥ 999,689	¥ 412,669	¥ 656,389
Net income (loss) attributable to common shareholders	¥ 208,643	¥ (1,077,787)	¥ 988,603	¥ 403,231	¥ 647,717
Amounts per share[2]:					
Basic earnings per common share net income (loss) attributable to common shareholders	¥ 18.17	¥ (95.96)	¥ 70.55	¥ 20.44	¥ 28.07
Diluted earnings per common share net income (loss) attributable to common shareholders	¥ 16.77	¥ (95.96)	¥ 61.64	¥ 19.22	¥ 26.78
Number of shares used to calculate basic earnings per common share (in thousands)	11,479,942	11,231,269	14,013,058	19,722,818	23,073,544
Number of shares used to calculate diluted earnings per common share (in thousands)	13,568,015	11,231,269	16,200,812	21,415,109	24,469,539
Cash dividends per share declared during the fiscal year[3]:					
Common stock	¥ 7.00	¥ 10.00	¥ 10.00	¥ 8.00	¥ 6.00
	$ 0.07	$ 0.10	$ 0.11	$ 0.10	$ 0.07
Eleventh series class XI preferred stock	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00
	$ 0.20	$ 0.20	$ 0.21	$ 0.24	$ 0.24
Thirteenth series class XIII preferred stock	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00
	$ 0.30	$ 0.30	$ 0.32	$ 0.36	$ 0.36

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	As of and for the fiscal years ended March 31,				
	2008	2009	2010	2011	2012
	(in millions of yen, except per share data and percentages)				
Balance sheet data:					
Total assets	¥ 151,317,756	¥ 155,083,031	¥ 158,351,456	¥ 161,985,670	¥ 166,361,633
Loans, net of allowance	67,572,004	71,787,309	62,903,418	63,955,284	65,306,370
Total liabilities	147,749,599	154,045,851	155,019,438	157,950,314	161,714,609
Deposits	86,429,065	87,075,727	86,776,251	89,215,627	91,234,380
Long-term debt	7,618,910	8,017,770	8,482,434	8,953,496	8,461,818
Common stock	3,437,420	3,386,792	4,324,705	5,164,160	5,427,992
Total MHFG shareholders equity	3,268,800	846,047	2,966,215	3,673,487	4,470,766
Other financial data:					
Return on equity and assets:					
Net income (loss) attributable to common shareholders as a percentage of total average assets	0.14%	(0.70)%	0.62%	0.25%	0.39%
Net income (loss) attributable to common shareholders as a percentage of average MHFG shareholders equity	5.20%	(37.56)%	39.99%	12.63%	15.56%
Dividends per common share as a percentage of basic earnings per common share	55.02%	(10.42)%	11.34%	29.35%	21.38%
Average MHFG shareholders equity as a percentage of total average assets	2.73%	1.86%	1.56%	2.01%	2.53%
Net interest income as a percentage of total average interest-earning assets	0.86%	0.96%	0.82%	0.75%	0.71%

Notes:

(1) Net income (loss) attributable to noncontrolling interests was relocated from minority interest in consolidated subsidiaries included within noninterest expenses in the fiscal year ended March 31, 2010 as we adopted ASC 810. For purposes of comparability, the figures of the previous fiscal years are adjusted accordingly.

(2) Under the central book-entry transfer system in Japan, which became effective in January 2009, fractional shares are not eligible for book-entry transfer. Accordingly, an allotment of shares or fractions of a share without consideration was made to all shareholders and holders of fractional shares at the rate of 999 shares per 1 share and 9.99 shares per every 0.01 of a share, effective on January 4, 2009. The amounts per share for the fiscal years ended March 31, 2008 and 2009 have been adjusted to reflect such allotment.

(3) Yen amounts for cash dividends per share for the fiscal years ended March 31, 2008, 2009, 2010, 2011 and 2012 are expressed in U.S. dollars at the rate of ¥99.85 = $1.00, ¥99.15 = $1.00, ¥93.40 = $1.00, ¥82.76 = $1.00 and ¥82.41 = $1.00, respectively. These rates are the noon buying rates on March 31, 2008, 2009, 2010, 2011 and 2012 in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

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Japanese GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,				
	2008	2009	2010	2011	2012
	(in millions of yen, except per share data and percentages)				
Statement of income data:					
Interest income	¥ 2,864,796	¥ 2,144,436	¥ 1,571,994	¥ 1,457,687	¥ 1,423,564
Interest expense	1,801,156	1,075,584	420,287	348,242	335,223
Net interest income	1,063,639	1,068,851	1,151,707	1,109,444	1,088,340
Fiduciary income	64,355	55,891	49,100	49,388	49,014
Net fee and commission income[1]	494,526	416,653	466,040	458,824	458,933
Net trading income	56,149	301,521	312,330	243,983	150,317
Net other operating income (loss)	(17,737)	(35,951)	17,436	163,680	256,468
General and administrative expenses[1]	1,124,527	1,192,701	1,317,247	1,277,848	1,283,847
Other income	579,737	260,568	266,125	156,212	263,024
Other expenses	630,079	1,280,711	567,728	268,261	265,803
Income (loss) before income taxes and minority interests	486,062	(405,877)	377,765	635,425	716,449
Income taxes:					
Current[2]	32,212	48,247	18,040	18,336	55,332
Deferred	118,546	109,103	25,108	120,123	97,494
Income (loss) before minority interests[3]	335,304	(563,227)	334,617	496,965	563,621
Minority interests in net income	24,079	25,586	95,212	83,736	79,102
Net income (loss)	¥ 311,224	¥ (588,814)	¥ 239,404	¥ 413,228	¥ 484,519
Net income (loss) per share[4]:					
Basic	¥ 25,370.25	¥ (54.14)	¥ 16.29	¥ 20.47	¥ 20.62
Diluted	24,640.00	[5]	15.57	19.27	19.75
Cash dividends per share declared during the fiscal year[4][6]:					
Common stock[7]	¥ 7,000	¥ 10,000	¥ 10	¥ 8	¥ 6
	$ 70.11	$ 100.86	$ 0.11	$ 0.10	$ 0.07
Eleventh series class XI preferred stock[7]	¥ 20,000	¥ 20,000	¥ 20	¥ 20	¥ 20
	$ 200.30	$ 201.71	$ 0.21	$ 0.24	$ 0.24
Thirteenth series class XIII preferred stock[7]	¥ 30,000	¥ 30,000	¥ 30	¥ 30	¥ 30
	$ 300.45	$ 302.57	$ 0.32	$ 0.36	$ 0.36

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	As of and for the fiscal years ended March 31,				
	2008	2009	2010	2011	2012
	(in millions of yen, except per share data and percentages)				
Balance sheet data:					
Total assets	¥ 154,412,105	¥ 152,723,070	¥ 156,253,572	¥ 160,812,006	¥ 165,360,501
Loans and bills discounted[8]	65,608,705	70,520,224	62,164,579	62,777,757	63,800,509
Securities	33,958,537	30,173,632	43,096,460	44,782,067	51,392,878
Deposits[9]	86,264,041	86,539,020	86,627,588	88,884,158	90,636,656
Net assets	5,694,159	4,186,606	5,837,053	6,623,999	6,869,295
Risk-adjusted capital data[10]:					
Tier 1 capital	¥ 4,880,188	¥ 3,765,045	¥ 5,173,496	¥ 6,170,210	¥ 6,397,869
Total risk-based capital	7,708,341	6,223,693	7,658,062	7,910,970	7,772,922
Risk-weighted assets	65,872,866	59,056,218	56,863,252	51,693,835	50,165,922
Tier 1 capital ratio	7.40%	6.37%	9.09%	11.93%	12.75%
Capital adequacy ratio	11.70	10.53	13.46	15.30	15.49

Notes:

(1) For the fiscal year ended March 31 2012, certain items in expenses regarding stock transfer agency business and pension management business, which had been recorded as General and administrative expenses by Mizuho Trust & Banking until the previous fiscal year, have been included in Net fee and commission income as Fee and commission expenses, and reclassification of prior year figures has been made accordingly.

(2) Under Japanese GAAP, refund of income taxes formerly included within current income taxes is separately presented in the fiscal year ended March 31, 2010 due to increased materiality. Current income taxes for the fiscal year ended March 31, 2010 in the above table include refund of income taxes for purposes of comparability with figures from other years.

(3) In accordance with certain amendments to Regulation on Terminology, Forms and Preparation of Financial Statements and other regulations which may be applied at our option from the fiscal year ended March 31, 2010, based on Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), we have started to present Income before minority interests from the fiscal year ended March 31, 2010. For reference purposes, we have also included the figures of the same for the fiscal years ended March 31, 2008 and 2009 in the table above.

(4) Under the central book-entry transfer system in Japan, which became effective in January 2009, fractional shares are not eligible for book-entry transfer. Accordingly, an allotment of shares or fractions of a share without consideration was made to all shareholders and holders of fractional shares at the rate of 999 shares per 1 share and 9.99 shares per every 0.01 of a share, effective on January 4, 2009. Net income (loss) per share through the fiscal year ended March 31, 2008, and cash dividends per share declared through the fiscal year ended March 31, 2009, in the table above do not reflect such allotment.

(5) Diluted net income per share is not shown due to net loss per share for the fiscal year ended March 31, 2009.

(6) Yen amounts are expressed in U.S. dollars at the rate of, ¥99.85 = $1.00, ¥99.15 = $1.00, ¥93.40 = $1.00, ¥82.76 = $1.00 and ¥82.41 = $1.00 for the fiscal years ended March 31, 2008, 2009, 2010, 2011 and 2012, respectively. These rates are the noon buying rates on the respective fiscal year-end dates in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

(7) In June 2012, we declared and paid annual dividends of ¥6 per share of common stock, ¥20 per share of eleventh series class XI preferred stock and ¥30 per share of thirteenth series class XIII preferred stock for the fiscal year ended March 31, 2012.

(8) Bills discounted refers to a form of financing in Japan under which promissory notes obtained by corporations through their regular business activities are purchased by banks prior to their payment dates at a discount based on prevailing interest rates.

(9) Includes negotiable certificates of deposit.

(10) We adopted the advanced internal ratings-based approach (the AIRB approach) for the calculation of risk-weighted assets associated with credit risk from the fiscal year ended March 31, 2009. We also adopted the advanced measurement approach (the AMA) for the calculation of operational risk from the fiscal year ended March 31, 2010. For more details on capital adequacy requirements set by the Bank for International Settlements (BIS), and the guideline implemented by the Financial Services Agency in compliance thereto, see Item 5. Operating and Financial Review and Prospects Capital Adequacy.

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There are certain differences between U.S. GAAP and Japanese GAAP. The differences between U.S. GAAP and Japanese GAAP applicable to us primarily relate to the accounting for derivative financial instruments and hedging activities, investments, loans, allowances for loan losses and off-balance-sheet instruments, premises and equipment, real estate sales and leasebacks, land revaluation, business combinations, noninterest-earning deposits made under government-led restructuring, pension liabilities, consolidation of variable interest entities and deferred taxes. See Item 5. Operating and Financial Review and Prospects Reconciliation with Japanese GAAP. In addition, under Japanese GAAP, a restatement of prior year financial statements reflecting the effect of a change in accounting principles is not permitted, unlike under U.S. GAAP, which generally requires a restatement upon a voluntary change in accounting principles.

Exchange Rate Information

The following table sets forth, for each period indicated, the noon buying rate in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York, expressed in Japanese yen per $1.00. The exchange rates are reference rates and are not necessarily the rates used to calculate ratios or the rates used to convert yen to U.S. dollars in the financial statements contained in this annual report.

Fiscal years ended (ending) March 31,	High	Low	Average[(1)]	Period end
		(yen per dollar)		
2008	¥ 124.09	¥ 96.88	¥ 113.61	¥ 99.85
2009	110.48	87.80	100.85	99.15
2010	100.71	86.12	92.49	93.40
2011	94.68	78.74	85.00	82.76
2012	85.26	75.72	80.57	79.03
2013 (through July 13)	82.62	78.21	79.28	79.20
Calendar year 2012				
January	¥ 78.13	¥ 76.28		
February	81.10	76.11		
March	83.78	80.86		
April	82.62	79.81		
May	80.36	78.29		
June	80.52	78.21		
July (through July 13)	79.95	79.20		

Note:

(1) Calculated by averaging the exchange rates on the last business day of each month during the respective periods. The noon buying rate as of July 13, 2012 was ¥79.20 = $1.00.

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reasons for the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

Investing in our securities involves a high degree of risk. You should carefully consider the risks described below as well as the other information in this annual report, including our consolidated financial statements and related notes, Item 5. Operating and Financial Review *and Prospects,   Item 11. Quantitative and Qualitative Disclosures about Market Risk   and   Selected Statistical Data.*

Our business, financial condition and operating results could be materially adversely affected by any of the factors discussed below. The trading price of our securities could decline due to any of these factors. This annual report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks faced by us described below and elsewhere in this annual report. See Forward-Looking Statements.

Risks Relating to Our Business

We may incur significant credit-related and other costs in the future due to problem loans.

We are the primary bank lender for a large number of our corporate customers, and the amount of our loans and other claims to each of our major customers is significant. In addition, while we have made efforts to diversify our credit exposure along industry lines, the proportion of credit exposure to customers in the construction and real estate, banks and other financial institutions, and wholesale and retail industries is relatively high. We manage our credit portfolio by regularly monitoring the credit profile of each of our customers, the progress made on restructuring plans and credit exposure concentrations in particular industries or corporate groups, and we also utilize credit derivatives for hedging and credit risk mitigation purposes. In addition, we regularly assess the value of collateral and guarantees. However, depending on trends in the domestic and global economic environment, the business environment in particular industries and other factors, the amount of our problem loans and other claims could increase significantly, including as a result of the deterioration in the credit profile of customers for which we are the primary bank lender, other major customers or customers belonging to industries to which we have significant credit exposure, and the value of collateral and guarantees could decline. For example, in the fiscal year ended March 31, 2009, our credit-related costs increased as a result of the deteriorating performance of our corporate customers in and outside of Japan due to the worsening economic environment and the effects of the dislocation in global financial markets as well as the provision for loan losses based on revised assumptions amid the uncertainty regarding the future economic environment. There can be no assurance that credit-related and other costs will not increase in the future as a result of the foregoing or otherwise.

Our equity investment portfolio exposes us to market risks that could adversely affect our financial condition and results of operations.

We hold substantial investments in marketable equity securities, mainly common stock of Japanese listed companies. In addition to the partial hedges that we apply as we deem necessary in recent years, we sold a portion of such investments, and we may make further sales in the future. However, significant declines in Japanese stock prices in the future would lead to unrealized losses, losses on impairment and losses from sales of equity securities which could have a material adverse effect on our financial condition and results of operations. For example, in the fiscal year ended March 31, 2009, we incurred significant impairment and other losses as a result of the decline in Japanese and other stock markets. In addition, net unrealized gains and losses on such investments, based on Japanese GAAP, are taken into account when calculating the amount of capital for purposes of the calculation of our capital adequacy ratios, and as a result, a decline in the value of such investments would negatively affect such ratios. Accordingly, our financial condition and results of operations could be materially and adversely affected.

Changes in interest rates could adversely affect our financial condition and results of operations.

We hold a significant amount of bonds, consisting mostly of Japanese government bonds, and other instruments primarily for the purpose of investment. As a result of such holdings, an increase in interest rates, primarily yen interest rates, could lead to unrealized losses of bonds or losses from sales of bonds. In addition, due mainly to differences in maturities between financial assets and liabilities, changes in interest rates could have an adverse effect on our average interest rate spread. We manage interest rate risk under our risk

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management policies, which provide for adjustments in the composition of our bond portfolio and the utilization of derivatives and other hedging methods to reduce our exposure to interest rate risk. However, in the event of significant changes in interest rates, including as a result of a change in Japanese monetary policy, increased sovereign risk due to deterioration of public finances and market trends, our financial condition and results of operations could be materially and adversely affected.

Our financial condition and results of operations could be adversely affected by foreign exchange rate fluctuations.

A portion of our assets and liabilities is denominated in foreign currencies, mainly the U.S. dollar. The difference between the amount of assets and liabilities denominated in foreign currencies leads to foreign currency translation gains and losses in the event of fluctuations in foreign exchange rates. Although we hedge a portion of our exposure to foreign exchange rate fluctuation risk, our financial condition and results of operations could be materially and adversely affected if future foreign exchange rate fluctuations significantly exceed our expectations.

We may incur further losses relating to decreases in the market liquidity of assets that we hold.

The market liquidity of the various marketable assets that we hold may decrease significantly due to turmoil in financial markets and other factors, and the value of such assets could decline as a result. For example, in the fiscal years ended March 31, 2008 and 2009, we incurred significant losses related to declines in the value of our investments in securitization products and other assets as a result of significant decrease in the market liquidity amidst the dislocation in global financial markets. See Item 5. Operating and Financial Review and Prospects Overview Business Trends. If the market liquidity of our assets decreases significantly in the future, including as a result of the European debt problem causing significant disruptive effects on the global financial markets, our financial condition and results of operations could be materially and adversely affected.

Our pension-related costs could increase as a result of revised assumptions or changes in our pension plans.

Our pension-related costs and projected benefit obligations are calculated based on assumptions regarding projected returns on pension plan assets and various actuarial assumptions relating to the plans. If actual results differ from our assumptions or we revise our assumptions in the future, due to changes in the stock markets, interest rate environment or otherwise, our pension-related costs and projected benefit obligations could increase. In addition, any future changes to our pension plans could also lead to increases in our pension-related costs and projected benefit obligations. As a result, our financial condition and results of operations could be materially and adversely affected.

A decline in deferred tax assets due to a change in our estimation of future taxable income or change in Japanese tax policy could adversely affect our financial condition and results of operations.

We recorded deferred tax assets based on a reasonable estimation of future taxable income in accordance with applicable accounting standards. Our financial condition and results of operations could be materially and adversely affected if our deferred tax assets decline due to a change in our estimation of future taxable income, a change in tax rate as a result of tax system revision and other factors.

Financial transactions entered into for hedging and other similar purposes could adversely affect our financial condition and results of operations.

The accounting and valuation methods applied to credit and equity derivatives and other financial transactions that we enter into for hedging and credit risk mitigation purposes are not always consistent with the accounting and valuation methods applied to the assets that are being hedged. Consequently, in some cases, due

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to changes in the market or otherwise, losses related to such financial transactions during a given period may adversely affect net income, while the corresponding increases in the value of the hedged assets do not have an effect on net income for such period. As a result, our financial condition and results of operations could be materially and adversely affected during the period.

Failure to maintain capital adequacy ratios above minimum required levels, as a result of the materialization of risks or regulatory changes, could result in restrictions on our business activities.

We endeavor to maintain sufficient levels of capital adequacy ratios, which are calculated pursuant to standards set forth by Japan s Financial Services Agency and based on Japanese GAAP, taking into account our plans for investments in risk-weighted assets, the efficiency of our capital structure and other factors. However, our capital adequacy ratios could decline in the future, including as a result of the materialization of any of the risks enumerated in these Risk Factors and changes to the methods we use to calculate capital adequacy ratios. Also, the maximum amount of net deferred tax assets that can be recorded for the purpose of calculating capital adequacy ratios without diminishing the amount of Tier 1 capital under Japanese capital adequacy regulations is 20% of Tier 1 capital. Our or our banking subsidiaries regulatory capital and capital adequacy ratios could decline due to such regulations.

In addition, if the framework set by the Basel Committee on Banking Supervision, upon which the Financial Services Agency s rules concerning banks capital adequacy ratios are based, is changed or if the Financial Services Agency otherwise changes its banking regulations, we might not be able to meet the minimum regulatory requirements for capital adequacy ratios. For example, in December 2010, the Basel Committee on Banking Supervision issued its Basel III rules text, which presents the details of global regulatory standards on bank capital adequacy and liquidity. In March 2012, the Financial Services Agency published revisions to its capital adequacy guidelines to be applied from March 31,2013, which reflect rules in the Basel III text. Furthermore, in November 2011, the Financial Stability Board named an initial group of 29 global systemically important financial institutions (G-SIFIs), which included us. The group of G-SIFIs will be updated annually and published by the Financial Stability Board each November. If we are deemed a SIFI in or after November 2014, we may be subject to additional capital requirements. See Item 5. Operating and Financial Review and Prospects Capital Adequacy.

If the capital adequacy ratios of us and our banking subsidiaries fall below specified levels, the Financial Services Agency could require us to take corrective actions, including, depending on the level of deficiency, submission of an improvement plan that would strengthen our capital base, a reduction of our total assets or a suspension of a portion of our business operations. In addition, some of our banking subsidiaries are subject to capital adequacy regulations in foreign jurisdictions such as the United States, and our business could be adversely affected if their capital adequacy ratios fall below specified levels.

Downgrades in our credit ratings could have negative effects on our funding costs and business operations.

Credit ratings are assigned to Mizuho Financial Group, our banking subsidiaries and a number of our other subsidiaries by major domestic and international credit rating agencies. The credit ratings are based on information furnished by us or obtained by the credit rating agencies from independent sources and are also influenced by credit ratings of Japanese government bonds and general views regarding the Japanese financial system as a whole. The credit ratings are subject to revision, suspension or withdrawal by the credit rating agencies at any time. A downgrade in our credit ratings could result in, among other things, the following:

- increased funding costs and other difficulties in raising funds;
- the need to provide additional collateral in connection with financial market transactions; and
- the termination or cancellation of existing agreements.

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For example, the additional collateral requirement in connection with our derivative contracts, absent other changes, assuming a downgrade occurred on March 31, 2012, would have been approximately $70 million for a one-notch downgrade and approximately $202 million for a two-notch downgrade. The foregoing figures do not take into account the minority of derivative contracts for which additional collateral requirements are not specifically prescribed and are thus subject to individual negotiations.

As a result, our business, financial condition and results of operations could be materially and adversely affected.

Our business will be adversely affected if we encounter difficulties in raising funds.

We rely principally on deposits and debentures as our funding sources. In addition, we also raise funds in the financial markets. Our efforts to maintain stable funding, such as setting maximum limits on financial market funding and monitoring our liquidity position to apply appropriate funding policies, may not be sufficient to prevent significant increases in our funding costs or cash flow problems if we encounter difficulties in attracting deposits or otherwise raising funds. Such difficulties could result, among other things, from any of the following:

- adverse developments with respect to our financial condition and results of operations;
- downgrading of our credit ratings or damage to our reputation; or
- a reduction in the size and liquidity of the debt markets due for example to the decline in the domestic and global economy, concerns regarding the financial system or turmoil in financial markets and other factors.

Our Medium-term Management Policy, the transformation into one bank, and other strategic initiatives and measures may not result in the anticipated outcome.

We have been implementing strategic initiatives and measures in various areas. In May 2010, we announced our new Medium-term Management Policy for the three fiscal years ending March 31, 2013, in which we set forth various strategic initiatives and measures and also established a number of key target figures that we aim to achieve by the end of the fiscal year ending March 31, 2013. In addition, Mizuho Bank and Mizuho Corporate Bank will be merging on July 1, 2013, on the assumption that filings will have been made to, and permissions obtained from, the relevant authorities in Japan and any foreign countries, and we have begun implementing the substantive one bank structure from April 2012 to realize the synergies generated from the merger as soon as possible. Mizuho Securities Co., Ltd. and Mizuho Investors Securities Co., Ltd. will be merging on January 4, 2013, on the assumption that filings will have been made to, and permissions obtained from, the relevant authorities in Japan and any foreign countries. See Item 4.B. Business Overview General.

However, we may not be successful in implementing such initiatives and measures, or even if we are successful in implementing them, the implementation of such initiatives and measures may not have their anticipated effects. In addition, we may not be able to meet the key target figures announced in the Medium-term Management Policy and achieve the synergy effects relating to the merger between Mizuho Bank and Mizuho Corporate Bank and between Mizuho Securities and Mizuho Investors Securities due to these or other factors, including, but not limited to, differences in the actual economic environment compared to our assumptions underlying the Medium-term Management Policy, as well as the risks enumerated in these Risk Factors.

We will be exposed to new or increased risks as we expand the range of our products and services.

We offer a broad range of financial services, including banking, trust, securities and other services. As the needs of our customers become more sophisticated and broader in scope, and as the Japanese financial industry continues to be deregulated, we have been entering into various new areas of business, including through various business and equity alliances, which expose us to new risks. While we have developed and intend to maintain risk management policies that we believe are appropriate to address such risks, if a risk materializes in a manner or to a degree outside of our expectations, our business, financial condition and results of operations could be materially and adversely affected.

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We are subject to various laws and regulations, and violations could result in penalties and other regulatory actions.

Our business and employees in Japan are subject to various laws and regulations, including those applicable to financial institutions as well as general laws applicable to our business activities, and we are under the regulatory oversight of the Financial Services Agency. Our businesses outside of Japan are also subject to the laws and regulations of the jurisdictions in which they operate and are subject to oversight by the regulatory authorities of those jurisdictions.

Our compliance and legal risk management structures are designed to prevent violations of such laws and regulations, but they may not be effective in preventing all future violations. Future violations of laws and regulations could result in regulatory action and harm our reputation, and our business, financial condition and results of operations could be materially and adversely affected.

Employee errors and misconduct could subject us to losses and reputational harm.

Because we process a large number of transactions in a broad range of businesses, we are subject to the risk of various operational errors and misconduct, including those caused by employees. Our measures to reduce employee errors, including establishment of operational procedures, regular reviews regarding compliance with these procedures, employee training and automation of our operations, may not be effective in preventing all employee errors and misconduct. Significant operational errors and misconduct in the future could result in losses, regulatory actions or harm to our reputation. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Problems relating to our information technology systems could significantly disrupt our business operations.

We depend significantly on information technology systems with respect to almost all aspects of our business operations. Our information technology systems network, including those relating to bank accounting and cash settlement systems, interconnects our branches and other offices, our customers and various clearing and settlement systems located worldwide. Our efforts to sustain stable daily operations and development of contingency plans for unexpected events, including the implementation of backup and redundancy measures, may not be effective in preventing significant disruptions to our information technology systems caused by, among other things, human error, accidents, hacking, computer viruses, cyber attacks, and development and renewal of computer systems. For example, in March 2011, computer systems failures at Mizuho Bank resulted in the shutdown of our ATMs and Internet banking services, as well as the inability to process fund transfers and other settlement transactions, and in May 2011, Mizuho Financial Group and Mizuho Bank received business improvement orders from the Financial Services Agency. In the event of any such disruption, our business, financial condition and results of operations could be materially and adversely affected due to disruptions in our business operations, liability to customers and others, regulatory actions or harm to our reputation.

Our reputation could be harmed and we may be subject to liabilities and regulatory actions if we are unable to protect personal and other confidential information.

We handle various confidential or non-public information, including those of our individual and corporate customers, in the ordinary course of our business. The information management policies we maintain and enforce to prevent information leaks and improper access to such information, including those designed to meet the strict requirements of the Personal Information Protection Law of Japan, may not be effective in preventing all such problems. Leakage of important information in the future could result in liabilities and regulatory actions and may also lead to significant harm to our reputation. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Our business would be harmed if we are unable to attract and retain skilled employees.

Many of our employees possess skills and expertise that are important to maintain our competitiveness and to operate our business efficiently. We may not be successful in attracting and retaining sufficient skilled employees through our hiring efforts and training programs aimed to maintain and enhance the skills and expertise of our employees, in which event our competitiveness and efficiency could be significantly impaired. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Our failure to establish, maintain and apply adequate internal controls over financial reporting could negatively impact investor confidence in the reliability of our financial statements.

As a New York Stock Exchange-listed company and an SEC registrant, we have developed disclosure controls and procedures and internal controls over financial reporting pursuant to the requirements of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC promulgated pursuant thereto. Our management reports on, and our independent registered public accounting firm attests to, the effectiveness of our internal controls over financial reporting, as required, in our annual report on Form 20-F. In addition, our management is required to report on our internal controls over financial reporting, and our independent registered public accounting firm is required to provide its opinion concerning the report of our management, in accordance with the Financial Instruments and Exchange Law of Japan. To the extent any issues are identified through the foregoing processes, there can be no assurance that we will be able to address them in a timely manner or at all. Furthermore, even if our management concludes that our internal controls over financial reporting are effective, our independent registered public accounting firm may still be unable to issue a report that concludes that our internal controls over financial reporting are effective. In either case, we may lose investor confidence in the reliability of our financial statements.

We are subject to risk of litigation and other legal proceedings.

As a financial institution engaging in banking and other financial businesses in and outside of Japan, we are subject to the risk of litigation for damages and other legal proceedings in the ordinary course of our business. Adverse developments related to future legal proceedings could have a material adverse effect on our financial condition and results of operations.

Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We devote significant resources to strengthening our risk management policies and procedures. Despite this, and particularly in light of the rapid evolution of our operations, our policies and procedures designed to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon our use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than the historical measures indicate. If our risk management policies and procedures do not function effectively, our financial condition and results of operations could be materially and adversely affected.

Transactions with counterparties in Iran and other countries designated by the U.S. Department of State as state sponsors of terrorism may lead some potential customers and investors to avoid doing business with us or investing in our securities or have other adverse effects.

U.S. law generally prohibits U.S. persons from doing business with countries designated by the U.S. Department of State as state sponsors of terrorism (the Designated Countries), which includes Iran, Cuba, Sudan and Syria, and we maintain policies and procedures to comply with U.S. law. Our non-U.S. offices engage in transactions relating to the Designated Countries on a limited basis and in compliance with applicable laws and regulations, including trade financing with respect to our customers export or import transactions and

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maintenance of correspondent banking accounts. In addition, we maintain a representative office in Iran. We do not believe our operations relating to the Designated Countries are material to our business, financial condition or results of operations. We maintain policies and procedures to ensure compliance with applicable Japanese and U.S. laws and regulations.

We are aware of government initiatives to strengthen laws and regulations, such as the U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 and the National Defense Authorization Act for Fiscal Year 2012, applicable to entities with dealings in the Designated Countries. While we maintain policies and procedures to ensure compliance with such initiatives, including Japanese laws and regulations, should the U.S. government regard our measures as inadequate, we may be subject to regulatory action which could materially and adversely affect our business. In addition, we may become unable to retain or acquire customers or investors in our securities, or our reputation may suffer, potentially having adverse effects on our business or the price of our securities.

Our common stock may be subject to dilution as a result of conversion of our convertible preferred stock.

Holders of our eleventh series class XI preferred stock may convert their shares to common stock by requesting us to acquire such shares and issue or transfer common stock to them at any time between July 1, 2008 and June 30, 2016, with mandatory conversion on July 1, 2016. Due to the dilution of our common stock that occurs as a result of the increase in the number of outstanding shares of common stock upon such conversion, the price of our common stock could decline.

We may be subject to risks related to dividend distributions.

As a holding company, we rely on dividend payments from our banking and other subsidiaries for almost all of our income. As a result of restrictions, such as those on distributable amounts under Japan s Company Law, or otherwise, our banking and other subsidiaries may decide not to pay dividends to us. In addition, we may experience difficulty in making, or become unable to make, dividend payments to our shareholders and dividend payments on the preferred securities issued by our overseas special purpose companies due to the deterioration of our results of operations and financial condition and/or the restrictions under the Company Law or due to the strengthening of bank capital regulations. For more information on restrictions to dividend payments under the Company Law, see Item 10.B. Additional Information Memorandum and Articles of Association.

We may be adversely affected if economic or market conditions in Japan or elsewhere deteriorate.

We conduct business operations in Japan as well as overseas, including in the United States, Europe and Asia. If general economic conditions in Japan or other regions were to deteriorate or if the financial markets become subject to turmoil, we could experience weakness in our business, as well as deterioration in the quality of our assets. For example, in recent years, we incurred significant losses related to declines in the value of our investments in securitization products, an increase in credit-related costs, an increase in impairment of equity securities and others as a result of the impact of the dislocation in global financial markets and the worsening economic environment. Future deterioration in general economic conditions or financial market turmoil could materially and adversely affect our financial condition and results of operations.

Amendments and other changes to the laws and regulations that are applicable to us could have an adverse effect on us.

We are subject to general laws, regulations and accounting rules applicable to our business activities in and outside of Japan. We are also subject to various laws and regulations applicable to financial institutions such as the Banking Law, including capital adequacy requirements, in and outside of Japan. If the laws and regulations that are applicable to us are amended or otherwise changed, such as in a way that restricts us from engaging in business activities that we currently conduct, our business, financial condition and results of operations could be

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materially and adversely affected. For example in December 2010, the Basel Committee on Banking Supervision issued its Basel III rules text, and the Financial Services Agency is expected to issue new regulatory capital regulations based on such text. In November 2011, the Financial Stability Board announced policy measures to address SIFIs. See Item 5. Operating and Financial Review and Prospects Capital Adequacy.

Intensification of competition in the market for financial services in Japan could have an adverse effect on us.

Ongoing deregulation in Japan has lowered the barriers to entry with respect to the provision of banking, trust, securities and other financial services. While such deregulation has the effect of increasing our own business opportunities, it also allows other major financial groups, foreign financial institutions, non-bank finance companies, government-affiliated entities such as Japan Post Bank and other financial services providers to enter into new business areas or expand existing businesses, resulting in the intensification of competition in the financial services industry. If we are unable to respond effectively to current or future competition, our business, financial condition and results of operations could be adversely affected. In addition, intensifying competition and other factors could lead to reorganization within the financial services industry, and this could have an adverse effect on our competitive position or otherwise adversely affect the price of our securities.

Our business could be significantly disrupted due to natural disasters, accidents or other causes.

Our headquarters, branch offices, information technology centers, computer network connections and other facilities are subject to the risk of damage from natural disasters such as earthquakes and typhoons as well as from acts of terrorism and other criminal acts. In addition, our business could be materially disrupted as a result of an epidemic such as new or reemerging influenza infections. Our business, financial condition and results of operations could be adversely affected if our recovery efforts, including our implementation of contingency plans that we have developed such as establishing back-up offices, are not effective in preventing significant disruptions to our business operations caused by natural disasters and criminal acts. Additionally, massive natural disasters such as the March 2011 Great East Japan Earthquake may have various adverse effects, including a deterioration in economic conditions, declines in the business performance of many of our corporate customers and declines in stock prices. As a result, our financial condition and results of operations could be materially and adversely affected due to an increase in the amount of problem loans and credit-related costs as well as an increase in unrealized losses on, or losses from sales of, equity securities and financial products. See Item 5. Operating and Financial Review and Prospects Overview The Impact of the Great East Japan Earthquake.

Negative rumors about us could have an adverse effect on us.

Our business depends on maintaining the trust of depositors and other customers and market participants. Negative rumors about us, spread through media coverage, communications between market participants, Internet postings or otherwise, could lead to our customers and market participants believing factually incorrect information about us and harm our reputation. In the event we are unable to dispel such rumors or otherwise restore our reputation, our business, financial condition, results of operations and the price of our securities could be materially and adversely affected.

Risks Related to Owning Our Shares

Rights of shareholders under Japanese law may be more limited than under the law of other jurisdictions.

Our articles of incorporation, our regulations of board of directors and Japan s Company Law govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors and officers fiduciary duties and shareholders rights may be different from or less clearly defined than those that would apply if we were incorporated in another jurisdiction. For example, under the Company Law, only holders of 3% or more of the total voting rights or total outstanding shares are entitled to examine our accounting books and records. Shareholders rights under Japanese law may not be as extensive as shareholders rights under the law of jurisdictions within the United States or other countries. For more information on the rights of shareholders under Japanese law, see Item 10.B. Additional Information Memorandum and Articles of Association.

It may not be possible for investors to effect service of process within the United States upon us or our directors, senior management or corporate auditors, or to enforce against us or those persons judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States.

We are a joint stock corporation incorporated under the laws of Japan. Almost all of our directors, senior management and corporate auditors reside outside the United States. Many of the assets of us and these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for U.S. investors to effect service of process within the United States upon us or these persons or to enforce, against us or these persons, judgments obtained in the U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States. We believe that there is doubt as to the enforceability in Japan, in original actions or in actions to enforce judgments of U.S. courts, of claims predicated solely upon the federal securities laws of the United States.

Risks Related to Owning Our ADSs

As a holder of ADSs, you have fewer rights than a shareholder and you must act through the depositary to exercise these rights.

The rights of our shareholders under Japanese law to take actions such as voting their shares, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to shareholders of record. Because the depositary, through its custodian, is the record holder of the shares underlying the ADSs, a holder of ADSs may not be entitled to the same rights as a shareholder. In your capacity as an ADS holder, you are not able to bring a derivative action, examine our accounting books and records or exercise appraisal rights, except through the depositary.

Foreign exchange rate fluctuations may affect the U.S. dollar value of our ADSs and dividends payable to holders of our ADSs.

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.

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ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

The Mizuho Group

The Mizuho group was created on September 29, 2000 through the establishment of Mizuho Holdings, Inc. as a holding company of our three predecessor banks, The Dai-Ichi Kangyo Bank, The Fuji Bank and The Industrial Bank of Japan. On October 1, 2000, the respective securities subsidiaries of the predecessor banks merged to form Mizuho Securities, and the respective trust bank subsidiaries merged on the same date to form Mizuho Trust & Banking.

A further major step in the Mizuho group s development occurred in April 2002 when the operations of our three predecessor banks were realigned through a corporate split and merger process under Japanese law into a wholesale banking subsidiary, Mizuho Corporate Bank, and a banking subsidiary serving primarily retail and small and medium-sized enterprise customers, Mizuho Bank. As an additional step for realigning the group structure, Mizuho Financial Group was established on January 8, 2003 as a corporation organized under the laws of Japan, and on March 12, 2003, it became the holding company for the Mizuho group through a stock-for-stock exchange with Mizuho Holdings, which became an intermediate holding company focused on management of the Mizuho group s banking and securities businesses. The legal and commercial name of the company is Mizuho Financial Group, Inc.

In May 2003, we initiated a project to promote early corporate revitalization of customers in need of revitalization or restructuring and to separate the oversight of restructuring borrowers from the normal credit origination function. In July 2003, our three principal banking subsidiaries, Mizuho Corporate Bank, Mizuho Bank and Mizuho Trust & Banking each transferred loans, equity securities and other claims outstanding relating to approximately 950 companies to new subsidiaries that they formed. In October 2005, based on the significant reduction in the balance of impaired loans held by these new subsidiaries, which we call the revitalization subsidiaries, we deemed the corporate revitalization project to be complete, and each of the revitalization subsidiaries was merged into its respective banking subsidiary parent.

In the fiscal year ended March 31, 2006, we realigned our entire business operations into a Global Corporate Group, Global Retail Group and Global Asset and Wealth Management Group. In October 2005, in connection with this realignment, we established Mizuho Private Wealth Management Co., Ltd., a private banking subsidiary, and converted Mizuho Holdings on October 1, 2005 from an intermediate holding company into Mizuho Financial Strategy Co., Ltd., an advisory company that provides advisory services to financial institutions.

In May 2009, Mizuho Securities and Shinko Securities Co., Ltd. conducted their merger, with the aim of improving our service-providing capabilities to our clients and to offer competitive cutting-edge financial services on a global basis.

In July 2011, Mizuho Securities and Mizuho Investors Securities signed a memorandum of understanding on merger. The purpose of the merger is to enhance the retail business in Japan, rationalize and streamline management infrastructure, and provide securities functions in a unified manner through the group s full-line securities company. In May 2012, Mizuho Securities and Mizuho Investors Securities entered into a merger agreement, and the merger is scheduled to be consummated on January 4, 2013.

In September 2011, Mizuho Trust & Banking became a wholly-owned subsidiary of Mizuho Financial Group, Mizuho Securities became an unlisted subsidiary of Mizuho Corporate Bank and Mizuho Investors Securities became a wholly-owned subsidiary of Mizuho Bank, through their respective stock-for- stock exchanges. The purpose of these stock-for- stock exchanges is to further enhance the group collective capabilities by integrating group-wide business operations and optimizing management resources such as workforce and branch network.

In November 2011, Mizuho Financial Group, Mizuho Bank and Mizuho Corporate Bank signed a memorandum of understanding on merger. The purpose of the merger is to become able to provide directly and promptly diverse and functional financial services to both Mizuho Bank and Mizuho Corporate Bank customers, utilizing the current strengths and advantages of Mizuho Bank and Mizuho Corporate Bank, and to continue to improve customer services by further enhancing group collaboration among the banking, trust and securities function and, at the same time, to realize further enhancement of the consolidation of group-wide business operations and optimization of management resources, such as workforce and branch network, by strengthening group governance and improving group management efficiency. We plan to conduct the merger on July 1, 2013.

Principal Capital Expenditures and Divestitures

Since 2007, Mizuho Bank has been purchasing common stock of Credit Saison from time to time, in furtherance of our aim to promote the alliance with Credit Saison. Mizuho Bank and Mizuho Corporate Bank together owned 13.36% of the total outstanding shares of common stock of Credit Saison as of March 31, 2012.

Other Information

Our registered address is 5-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8333, Japan, and our telephone number is 81-3-5224-1111.

4.B. Business Overview

General

We offer a variety of financial services, including banking, trust, securities and asset management services.

We align our businesses into the following three Global Groups organized based on our customers needs: the Global Corporate Group; the Global Retail Group; and the Global Asset & Wealth Management Group. Each group conducts its business by taking advantage of its strengths. The following summarizes the business activities of each of our three Global Groups:

- The Global Corporate Group provides sophisticated banking and securities products and services that meet the various needs of large corporations and other customers in and outside of Japan, utilizing global collaboration between our corporate banking business and securities business as well as our comprehensive financial expertise.

- The Global Retail Group provides high-quality financial products and services that meet the diverse needs of individuals, SMEs and middle-market corporations in Japan by enhancing collaborations with our group companies.

- The Global Asset & Wealth Management Group provides trust, asset management and private banking products and services that meet the diversified and sophisticated needs of our customers.

With respect to the Transformation Program, which was launched as the Medium-term Management Policy of our group in May 2010, we have steadily been implementing initiatives to strengthen three areas: improving profitability; enhancing financial base; and strengthening front-line business capabilities.

In connection with the above, we established the advanced group management structure initiative, under which we aim to establish a new corporate structure and corporate governance structure, with which we will be able to utilize the banking, trust and securities functions effectively as the only financial group in Japan with all of these three functions under one umbrella, and thereby further enhance customer convenience.

In September 2011, we conducted share exchanges as a result of which Mizuho Trust & Banking, Mizuho Securities and Mizuho Investors Securities became our wholly-owned subsidiaries with an aim to further enhance our group collective capabilities. We also determined to conduct a merger between Mizuho Securities and

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Mizuho Investors Securities on January 4, 2013, on the assumption that, among other things, filings will have been made to, and permission obtained from, the relevant authorities in Japan and any foreign countries that are required for the merger.

Additionally, Mizuho Bank and Mizuho Corporate Bank determined to conduct a merger on July 1, 2013, on the assumption that, among other things, filings will have been made to, and permission obtained from, the relevant authorities in Japan and any foreign countries, and we started to implement the substantive one bank structure in April 2012 in order to realize the synergies generated from the merger as soon as possible prior to the scheduled effective date of the merger.

Taking fully into account that it is the role in society as a financial institution to supply funds to customers smoothly, we as a whole are working, among other things, to properly respond to customers requests to change terms and conditions of loans in accordance with our basic policy of facilitating finance, and are making efforts to fully exercise our consulting service function.

We endeavor to establish a solid internal control system, to promote CSR (corporate social responsibility) and to enhance our brand strategy.

With regard to the internal control system, we established our internal controls in accordance with the Financial Instruments and Exchange Law of Japan and Sarbanes Oxley Act of the United States, and we also promoted the protection of customers.

We promote CSR by conducting lectures established by us at universities, supporting financial education by conducting joint research with a university and promoting environmental conservation.

As our brand strategy, we actively promote our brand slogan, Channel to Discovery, to promote it within and outside the group. In addition, in September 2011, we established the brand subslogan, One MIZUHO: Building the future with you, which represents our unified commitment to implementing reforms in order to become the most trusted financial institution, and our management and employees share this commitment.

The Transformation Program (Aiming at Sustainable Growth)

In May 2010, we set our future vision to become the most trusted financial institution by our customers by focusing on the core function of a financial institution which is to contribute to social and economic development. In order to realize this vision, we will strive to further increase our corporate value through the implementation of the Transformation Program, which consists of the following initiatives:

Program for Improving Profitability: Strengthen our competitive advantage
We plan to strengthen growth of top-line profits through strategic allocation of management resources, reduce costs and pursue efficiency through a vigorous business review.

Program for Enhancing Financial Base: Strengthen capital base and improve asset efficiency
We plan to strengthen the quality and quantity of capital and improve our asset portfolio.

Program for Strengthening Front-line Business Capabilities: Strengthen front-line business capabilities through improving efficiency and optimization
We plan to downsize corporate management functions, improve efficiency of our business infrastructure, and strengthen our marketing front-line that engages in customer relations.

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Each of these initiatives is described in more detail below.

Program for Improving Profitability

This program aims to establish competitive advantage through the strengthening of focused business areas and strategic allocation of management resources. The program consists of the following two parts:

Business strategy

We aim to strengthen top-line profits by thoroughly enhancing business areas where we have a competitive advantage and fields where growth potential is envisaged. In addition, we aim to strengthen fundamental profitability through capturing the various needs of our customers in and out of Japan as a strategic business partner while facilitating financing. We will focus on the following:

- Strategic expansion in business areas where we have strengths, including the Tokyo Metropolitan Area and transactions with large corporate customers:

The Tokyo Metropolitan Area: Transactions with corporate customers

  - Strengthen initiatives for SME business through proposing comprehensive solutions in response to the management challenges of our customers; and
  - Strengthen initiatives for business-owner customers and blue-chip land and property owners and similar customers.

The Tokyo Metropolitan Area: Transactions with individual customers

  - Strengthen initiatives for loans to individuals, including housing loans, and make Orico an affiliate of ours;
  - Increase assets under management of individual customers through collaboration among banking, trust and securities functions; and
  - Improve the services and accessibility of the retail business of Mizuho Trust & Banking through utilization of Mizuho Bank s network.

Transactions with Large Corporate Customers

  - Proactively be involved in corporate customers business and financial strategies taken in response to changes in industrial structure.

- Strengthening of initiatives for the Asia region which we believe has high growth potential:

Japanese customers

Provide various solutions for global strategies of our customers, including SMEs.

Non-Japanese customers

Pursue lending opportunities with blue-chip customers in response to their financial strategy needs; and

Enhance capabilities for our securities business.

Strengthening of asset management business, mainly targeting individual financial assets and pension assets:

Individuals

Increase market share based on balance of investment products (AUM) by increasing sales mainly through group collaboration.

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Pension and related businesses

Strengthen initiatives primarily for corporate pensions and public corporations through share-up and share-in in existing commissioned pension trusts primarily among our main bank customers.

Provision of sophisticated financial solutions through seamless utilization of the full-line services of banking, trust and securities functions, and focus on global collaboration, M&A marketing and capital management solicitation.

Cost reduction through vigorous review of our businesses and reallocation of management resources to focused strategic business areas

We aim to reduce costs through unification and optimization of our group s management infrastructure (general and administrative expenses of principal banking subsidiaries on a combined basis (Japanese GAAP): aim to decrease by approximately ¥50 billion compared with the fiscal year ended March 31, 2010) and reallocate management resources, such as human resources (approximately 1,000 staff), to strategic areas, such as the Tokyo Metropolitan Area and customer groups in Asia.

Program for Enhancing Financial Base

This program aims to strengthen the quality and quantity of capital and improve asset efficiency, including significant reduction of our equity portfolio. The program consists of the following two parts:

Strengthening of capital base

We aim to maintain our current priority on the strengthening of a stable capital base in light of on-going global discussions on the revision of capital regulations. We will focus on the following:

Accumulation of retained earnings through implementation of Program for Improving Profitability;

Implementation of appropriate capital management; and

Consideration of various measures in light of regulatory developments.

Improvement of asset portfolio

We aim to strategically reallocate risk-weighted assets together with improving our asset efficiency and further strengthening our risk management. We plan to:

Allocate risk-weighted assets to focused strategic business areas through thorough review of noncustomer assets and low-return assets;

Aim to reduce our equity portfolio by ¥1 trillion compared with the balance as of March 31, 2010 on an acquisition cost basis (Japanese GAAP); and

Improve our asset quality and streamline our balance sheet.

Program for Strengthening Front-line Business Capabilities

This program aims to strengthen front-line business capabilities through downsizing and rationalization of corporate management functions and improving efficiency of our business infrastructure. The program consists of the following two parts:

Redeployment of personnel to the marketing front-line

We seek to consolidate and reorganize corporate planning and product functions of each of our group companies. We seek to strengthen our governing function, as a holding company, over the group, improve

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efficiency of management controls and expedite our decision making and deploy approximately 1,000 staff currently engaged mainly in corporate management functions to the marketing front-line through a unification of functions. We will focus on the following:

- Unification of our group s planning functions, including human resources, administration, IT systems and operations; and
- Review and reorganization of overlapping functions in financial product areas at Mizuho Bank and Mizuho Corporate Bank.

Improvement of business infrastructure efficiency

We seek to facilitate consolidation of operational processing functions under the consolidation and efficiency improvement policy. At the same time, we seek to realize fundamental streamlining of cost structure with a focus on IT systems-related costs. We will focus on the following:

- Unification of our group s IT systems and operations units, such as budgeting functions, with the aim to maximize investment returns;
- Pursuit of higher efficiency through consolidation of operations across group entities, including consolidation among operational centers and within joint branches of Mizuho Bank, Mizuho Corporate Bank and Mizuho Trust & Banking; and
- Facilitation of the unification of group-wide IT systems by releasing a new IT systems platform with the goal of lower future costs.

Group Operations

The Global Corporate Group and The Global Retail Group

Mizuho Corporate Bank and Mizuho Bank

Mizuho Corporate Bank

Mizuho Corporate Bank provides various financial products and services to large corporations such as listed corporations and their affiliates, financial institutions, public sector entities and foreign corporations, including foreign subsidiaries of Japanese corporations. We meet the needs of our customers by utilizing our strengths such as our solid customer base, comprehensive financial expertise and office network which covers major cities in and outside Japan.

Mizuho Bank

Mizuho Bank provides financial services mainly to individual customers, SMEs, middle-market corporations and local governmental entities in Japan. In addition to our solid customer base, we maintain one of the largest branch and ATM networks in Japan and a broad range of Internet banking services.

Substantive One Bank Structure

By implementing the substantive one bank structure in April 2012, prior to the scheduled effective date of the merger of Mizuho Bank and Mizuho Corporate Bank of July 1, 2013, we aim to realize the synergies to be generated from the merger as soon as possible.

With respect to the business promotion structure of Mizuho Bank and Mizuho Corporate Bank relating to customer relations, we redefined our customer segments in more detail based on customer characteristics and established an organizational structure across Mizuho Bank and Mizuho Corporate Bank for each segment in order to enhance our ability to meet the diversified needs of customers in a prompt manner. Specifically, we reorganized customer segments into six units, the Corporate Banking Unit (Large Corporations), the

Corporate Banking Unit, the Financial Institutions & Public Sector Business Unit, the Retail Banking Unit, the Personal Banking Unit and the International Banking Unit (collectively, relationship management units), and established an organizational structure across Mizuho Bank and Mizuho Corporate Bank to offer advanced solutions to the specific needs of the targeted customers of each unit.

From the perspective of efficient management resource utilization and facilitating the sharing of business know-how, we consolidated the business units that provide product functions into units that service both Mizuho Bank and Mizuho Corporate Bank, separate from the relationship management units, and reorganized them into three units, the Investment Banking Unit, the Transaction Banking Unit and the Asset Management Unit, so that each unit can provide products that meet the needs of Mizuho Bank and Mizuho Corporate Bank customers on a group-wide basis. We have established a Business Collaboration Division (Securities & Trust Services) in both Mizuho Bank and Mizuho Corporate Bank to facilitate collaboration between banking and trust functions and between banking and securities functions.

In addition, we have consolidated the organizations that provide market functions into the Market Unit that functions across Mizuho Bank and Mizuho Corporate Bank in order to enhance market-related profits.

Corporate Banking Unit (Large Corporations)

The Corporate Banking Unit (Large Corporations) engages in relationship management for large corporations and their affiliates in Japan.

In the area of transactions with large corporations and their affiliates in Japan, we offer financial products and services on a global basis by utilizing the expertise of our group companies to meet the increasingly diverse and sophisticated needs of our customers. For example, in response to our customer needs with regard to their management strategy such as business integration and business restructuring, we promote our products with proposals and other things related to business restructuring in collaboration with sections specializing in those businesses. We also provide most suitable finance solutions for our customers, actively enhancing initiatives to realize the best solution in cooperation with our group companies including Mizuho Bank, Mizuho Corporate Bank, Mizuho Securities and Mizuho Trust & Banking. In particular, we have also introduced a double-hat structure with Mizuho Securities in July 2009 in order to provide advanced solutions in banking and securities businesses, and in May 2012 we have expanded the double-hat structure with an aim to strengthen and deepen the collaboration.

As of March 31, 2012, customers of Mizuho Corporate Bank and our other group companies cover approximately 70% of all companies listed on the Tokyo, Osaka and Nagoya stock exchanges.

Corporate Banking Unit

The Corporate Banking Unit provides products and services mainly to relatively larger SMEs and medium-sized enterprises (quasi listed companies).

Also, in response to the recent challenging economic environment, we conduct thorough credit management in our loan operations and have enhanced our business revitalization support to our corporate customers.

In the area of transactions with relatively larger SMEs and medium-sized enterprises (quasi listed companies), we provide financial products together with sophisticated advisory and other services that are appropriate in light of the customers business strategies.

We respond to the emerging customers needs through various solution businesses such as offering syndicated loans targeted at relatively larger SMEs and medium-sized enterprises, advisory services related to overseas expansions, mergers and acquisitions-related services, business matching services, financial products acting as sales agent for securities companies, services related to defined contribution pension plans and support for start-up companies in cooperation with Mizuho Capital Co., Ltd.

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Financial Institutions & Public Sector Business Unit

The Financial Institutions & Public Sector Business Unit provides products and services mainly to financial institutions and central and local governments.

For financial institution customers in Japan, we offer advisory services and solutions, such as advice on financial strategy and risk management, support for overseas business, and proposals on various investment products, by concentrating our various financial expertise from each Group company to meet the increasingly sophisticated and varied needs of customers.

For public sector entities, we provide comprehensive financial services that include funding support via the subscription and underwriting of public bonds, cooperation between the public and private sectors, i.e., PFI and PPP, and arrangement of syndicated loans.

Regarding our bond-related businesses, with our extensive experience and track record as a leading bank in this area, we support our customers financing needs by underwriting bonds issued by public sector entities and working as the commissioned bank or fiscal agent for bonds issued by corporations, financial institutions and public sector entities.

Retail Banking Unit

The Retail Banking Unit provides products and services mainly to SMEs, business owners, land owners and lease holders.

For business owners, land owners and lease holders, we provide comprehensive consulting services for addressing important issues which include both corporate and individual matters, such as business and assets inheritance and other important issues to our customers, by collaborating with our group companies, including Mizuho Trust & Banking.

In response to customers sound financial demands that are appropriate for the customers segments, we stably supply customers with ample funds while securing appropriate levels of interest rates in accordance with their risks, through initiatives such as concentrating our overall lending operations for small-scale companies in Mizuho Business Financial Center Co., Ltd., a subsidiary that specializes in making loans, and introducing strategic loan products.

Personal Banking Unit

The Personal Banking Unit offers financial products and services to individual customers, including loans and deposits as well as consulting and credit card services in Japan.

In this business area, with an aim to build a stable revenue base, we are enhancing our relationship marketing through sophistication of our marketing geared toward the maximization of earnings from lifetime business relationship with our customers and through offering products and services that meet the diverse needs of our customers, establishing convenient access points for customers and providing specialized consulting services by utilizing the comprehensive expertise of our group companies.

With respect to consulting services, we have established a specialized framework by increasing the number of financial consultants (3, 527, as of March 31, 2012) that make various proposals by utilizing the extensive lineup of our products such as investment trusts, foreign currency deposits, individual annuities and Japanese government bonds and others. The balance of investment trusts (excluding MMF) was ¥1.36 trillion, individual annuities was ¥2.41 trillion, foreign currency deposits was ¥0.43 trillion and Japanese government bonds sold to individuals was ¥1.42 trillion, each as of March 31, 2012. We also handle trust products at Mizuho Bank branches as agents of Mizuho Trust & Banking and provide trust-oriented services such as testimony trust and real estate related services by setting up Trust Lounge in Mizuho Bank branches. We have 164 of Mizuho Investors Securities Planet Booths, which are located in the branches and offices of Mizuho Bank as of March 31, 2012, and we respond to our customers needs relating to securities products.

In our housing loan business, we offer various products and services in addition to weekend consultation, such as Flat 35, a housing loan product with a fixed interest rate for a maximum of 35 years offered in cooperation with and securitized by the Japan Housing Finance Agency, in addition to our own housing loan products.

With respect to unsecured loan products, in addition to providing Captive Loans in cooperation with Orient Corporation, we are aiming to improve customer convenience with respect to Mizuho Bank Card Loans such as increasing lending limits and reducing minimum base rates.

As of March 31, 2012, the Mizuho Mileage Club had approximately 8. 88 million members and we had approximately 2.44 million credit card members. We provide special benefits such as free ATM usage during off-business hours and free charging fees for money transfers under certain conditions based on credit card usage, balance of assets under management and housing loan usage.

In addition to expanding our staffed branches throughout Japan (434 as of March 31, 2012) and our ATM network, we are enhancing our Internet banking services and strengthening marketing through call centers.

We provide executives and employees of corporate clients of Mizuho Bank and Mizuho Corporate Bank and other group companies with products and services such as preparation of accounts to receive salaries upon employment, housing loans and the investment of retirement allowances.

We undertake the business related to lottery tickets, such as, the sales of lottery tickets issued by prefectures and government-ordinance-designated cities.

Mizuho Bank implemented initiatives to strengthen its Asian retail finance business and, together with Credit Saison Co., Ltd. and UC Card Co., Ltd., entered into a basic agreement for a comprehensive business partnership in the area of retail business with China UnionPay Co., Ltd. In addition, Mizuho Bank turned a local company that focuses on automobile loans and leases in Indonesia into its consolidated subsidiary and launched a retail finance business in Indonesia as PT. Mizuho Balimor Finance.

International Banking Unit

The International Banking Unit is responsible for transactions such as those with non-Japanese companies and Japanese companies that conduct business overseas.

In this business area, we provide unified support both in Japan and overseas for our Japanese corporate customers to expand their foreign operations. We do this by providing highly specialized services that use our advanced financial technologies and expertise. Particularly in Asia, we support Japanese corporate customers in connection with their entry into Asian markets by offering advisory and other services. We also actively promote business with non-Japanese corporate customers in various countries through our global network.

In addition, we actively implement initiatives in order to meet the diverse needs of our overseas customers in such product areas as project finance and trade finance.

Furthermore, while strengthening our overseas network, we continue to cultivate cooperative working relationships with major partners and foreign government agencies in various countries to supplement regions or product areas that our group s network is unable to cover and enhance our support framework for customers that are developing businesses outside Japan.

For example, in September 2011, Mizuho Corporate Bank (Malaysia), a wholly-owned subsidiary of Mizuho Corporate Bank, started operations in Malaysia, which is one of the core nations in the high-growth ASEAN region. As a result of the opening of the local subsidiary, we became able to provide our customers with a diverse range of financial services in the Malaysian local currency, the Ringgit.

In addition, in September 2011, Mizuho Corporate Bank entered into a capital and business alliance with the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), one of the largest commercial banks in the Socialist Republic of Vietnam. This alliance will further strengthen the bank s structure to support the business development of our customers in Vietnam by making it possible to provide services by leveraging various information as well as the domestic office network of Vietcombank.

Furthermore, in June 2012, Mizuho Corporate Bank reached an agreement with the German bank, WestLB AG, to acquire 100% of the issued and outstanding shares of its Brazilian corporate banking subsidiary, Banco WestLB do Brazil S.A. Completion of the transaction is subject to relevant regulatory approvals. This acquisition is an opportunity for Mizuho Corporate Bank to obtain a local banking platform which would enable us to further strengthen our capability to support the entrance and expansion of both Japanese and non-Japanese customers in Brazil, thereby enhancing Mizuho s global network.

Investment Banking Unit

The Investment Banking Unit promotes investment banking businesses, mainly loan syndication business and financial products business, and provides our customers with sophisticated financial solutions to meet their needs on a global basis.

In the loan syndication business, we offer syndicated loan services to meet the various financing needs of our customers, and we take a leading role in the growth of the Japanese syndicated loan market. During the fiscal year ended March 31, 2012, despite the intensified competition among banks, our group arranged, based on amount of principal, 39.3% of all syndicated loans arranged in Japan and maintained the top position on the domestic league table (according to Thomson Reuters, for the fiscal year ended March 31, 2012). We are expanding our loan syndication business into new areas such as those related to mergers and acquisitions and public sector s private finance initiatives.

Geographically, we maintain staff at branches and offices in New York, London and Asia to promote our syndicated loan business on a global basis. For example, we arrange syndicated loans in Japan for foreign corporations and sell syndicated loans arranged in overseas markets to Japanese investors.

We also conduct activities to help grow the Japanese secondary loan market, including by exchanging our loan portfolio with those of other financial institutions, broadening the investor base and enhancing our cooperation with regional financial institutions.

In the financial products business area such as structured finance, acquisition finance, real estate finance and project finance, we have been promoting providing comprehensive products in accordance with business strategies and financial issues, etc., to respond to our customers further diversifying needs. We are further expanding our range of services through cooperation with our group companies, including Mizuho Securities, Mizuho Corporate Advisory Co., Ltd., Mizuho Management Advisory Co., Ltd. and Mizuho Capital Partners Co., Ltd.

Transaction Banking Unit

The Transaction Banking Unit engages in businesses related to cash management, foreign exchange, trade finance and custody services. With respect to cash management services, we provide online solutions such as domestic and global cash management services to our customers.

We offer foreign exchange and trade finance products and services in cooperation with our overseas branches and offices.

We offer custody services as well as yen settlement and clearing services and outsourced continuous linked settlement services.

Asset Management Unit

The Asset Management Unit provides products and services that correspond to the needs of customers in collaboration with our group companies through the synergy effects arising from the integrated operation of the planning, development and sales of businesses relating to the asset management.

In the pension related business, we provide comprehensive pension proposals that include services and products related to defined contribution as well as defined benefit pension plans to meet the needs of customers by collaborating with Mizuho Trust & Banking and other asset management group companies in promoting the business.

In the alternative investment business, we provide our customers with the most relevant products by collaborating with our group companies, including Mizuho Alternative Investments, LLC in the United States, Mizuho Global Alternative Investments, Ltd. in Tokyo, which selects and introduces hedge funds, etc., and Eurekahedge Pte, LTD. in Singapore, which is our subsidiary providing hedge fund research and data services.

Business Collaboration Division (Securities & Trust Services)

Business Collaboration Division (Securities & Trust Services) engages in planning and enhancing the most relevant collaboration measures among the banking, trust and securities functions to Mizuho s customers ranging from individuals to large companies in collaboration with Mizuho Securities, Mizuho Investors Securities and Mizuho Trust & Banking.

In the securities business, in order to meet diverse asset management, financing and consulting needs of our customers, we make the most of the functions of our group securities companies, such as through deploying joint branches known as Planet Booth jointly operated by Mizuho Bank and Mizuho Investors Securities and expanding a double-hat structure between Mizuho Securities and Mizuho Corporate Bank.

In the trust business, we provide advanced trust solutions for our corporate and individual customers as sales agents of Mizuho Trust & Banking. In particular, we strengthen the collaboration between banking and trust functions by increasing the number of Trust Lounges in order to meet our wealthy customers needs related to business and assets inheritance.

Market Unit

The Market Unit engages in the business of sales and trading of financial products related to, among others, interest rates, foreign exchange, commodities and credit, as well as investments in interest rates, equities, credit, etc.

We continue to enhance our portfolio management and diversify our investments to make our portfolio more sound and profitable.

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Mizuho Securities

Mizuho Securities closely collaborates with Mizuho Corporate Bank and other group companies and aims to be the most reliable investment bank with global reach.

Investment Banking Business

We provide comprehensive support for customers in establishing their management strategies and financing by engaging in businesses related to equity underwriting, support for initial public offerings, investor relations consulting and provision of solutions such as advisory services for financial and capital strategies in addition to the bond underwriting and structured finance businesses, regarding which we obtained the position of market leader in Japan, and the mergers and acquisitions and financial advisory business, regarding which we established a top-class market presence in Japan.

We also introduced a double-hat structure with Mizuho Corporate Bank in July 2009 with an aim to provide advanced solutions in banking and securities businesses, and expanded that double-hat structure with an aim to strengthen and deepen the collaboration in May 2012.

Product Development and Sales Business

In the product development and sales business, we mainly engage in sales and trading of stocks and bonds, research and funds (investment trusts) and offer value-added product solutions by providing quality information in a timely manner in response to the various investment needs of domestic and overseas customers. We also focus on globally integrating our business by utilizing our network of overseas subsidiaries.

Mizuho Investors Securities

Mizuho Investors Securities focuses on the needs of mainly individual customers, SMEs and middle-market corporations and aims to be the closest, most trustworthy securities company for customers, by establishing a strong collaboration network with Mizuho Bank and enhancing collaboration with each of our group companies. Mizuho Investors Securities, through its Planet Booth locations which are operated together with Mizuho Bank, is actively promoting cooperation with group companies, such as its financial product sales agent business with Mizuho Bank and trust sales agent business with Mizuho Trust & Banking. We have also introduced a double-hat structure with Mizuho Bank with an aim to provide one-stop financial services to customers with needs related to initial public offerings.

With the above business base, Mizuho Investors Securities provides quality products and securities services, such as various securities products that meet its customers investment needs and the underwriting of equities and bonds and consulting services regarding capital strategy in connection with its customers financing needs, on an individualized and swift basis.

The Global Asset and Wealth Management Group

Mizuho Trust & Banking

Mizuho Trust & Banking is a trust bank that provides individual and corporate customers with financial services utilizing trusts. We provide our customers with distinct products and services developed based on our specialized expertise, consulting capabilities and abundant know-how cultivated over the years. Under the substantive one bank structure implemented from April 2012, Mizuho Trust & Banking will also promote coordinated management with Mizuho Bank and Mizuho Corporate Bank in order to offer various financial services in a prompt manner through group wide collaboration for every possible customer need.

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Asset Management Business

We provide mainly corporate customers with a wide range of services and solutions in the following business areas:

- real estate business, including real estate sales agent services and real estate securitizations;
- structured product business, including securitization transactions that utilize trusts;
- asset management business relating to various assets, including pension plans;
- pension plan business, including acting as trustee, providing consulting services, actuarial services and administration services;
- asset administration business, including trustee services for investment trusts and management and administration of investments in securities; and
- equity strategy business, including acting as a securities agent and providing advice on practical issues related to stock.

Wealth Management Business

We provide primarily individual customers with the following services related to wealth management:

- consulting services regarding investment and management of customer assets;
- businesses relating to the asset inheritance such as testamentary trusts;
- consulting services regarding apartment leasing business, providing apartment loans, etc.;
- deposits, investment trusts and other investment products that utilize trusts; and
- real estate business such as brokerage of housing sales and land development.

Others

We provide deposit and loan services to our corporate customers and engage in treasury business.

Mizuho Private Wealth Management

Mizuho Private Wealth Management offers comprehensive, integrated and continuous private banking services to meet the various financial and non-financial needs of our ultra high net worth customers.

Trust & Custody Services Bank

Trust & Custody Services Bank, Ltd., as a trust bank specialized in asset administration, provides a wide range of products, including trust services and various custody services, to promptly meet the diversifying needs of customers such as financial institutions and institutional investors.

Asset Management Companies

Our asset management companies, Mizuho Asset Management Co., Ltd. and DIAM Co., Ltd. (an equity method affiliate of ours), provide quality products and services for our group companies and customers that reflect their respective strengths. Each company offers a variety of investment trust products that meet the increasingly sophisticated and diverse needs of our customers.

As a group-wide initiative among our three Global Groups, we purchased a minority equity interest in BlackRock, Inc. in November 2010, and also signed a Business Alliance Agreement with BlackRock in March 2011, in order to strengthen our asset management business in line with the Transformation Program.

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Others

Mizuho Financial Strategy

Mizuho Financial Strategy engages in advisory services for financial institutions regarding their management and revitalization of their borrowers.

Mizuho Research Institute

Mizuho Research Institute Ltd. offers information and services mainly to corporations, financial institutions and public sector entities to meet their increasingly diverse and sophisticated needs by integrating its research, funded research and membership services that provide various information related to, among others, managerial and economic issues.

Mizuho Information & Research Institute

Mizuho Information & Research Institute, Inc. mainly provides our corporate customers with the following three services:

- system integration services;
- outsourcing services that support the operation of information technology systems of our customers; and
- consulting services related to, among others, environmental issues.

We are able to provide customers with a combination of the above services to meet their respective needs.

Competition

During the past several years, competition in the Japanese financial market has increased as the Japanese government has enhanced deregulation, such as reducing the separation of banking, securities and insurance businesses and promoting new entry into the financial businesses.

Our major competitors in Japan include:

- Japan s other major banking groups: Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group.
- Other banking institutions: These include city banks, trust banks, regional banks, shinkin banks (or credit associations), credit cooperatives, agricultural cooperatives, foreign banks and retail-oriented online banks.
- Securities companies and investment banks: These include both domestic securities companies and the Japanese affiliates of global investment banks.
- Government financial institutions: These include Japan Finance Corporation, Japan Post Bank, Development Bank of Japan and Japan Bank for International Cooperation.

Non-bank finance companies: These include credit card issuers, installment shopping credit companies and other non-bank finance companies.

Other financial services providers: We also compete with private equity funds and other types of investors.

In global markets, we face competition with other commercial banks and other financial institutions, particularly major global banks and the leading local banks in those financial markets outside Japan in which we conduct business.

Japanese Banking and Securities Industry

Private banking institutions in Japan are normally classified into two categories (the following numbers are based on information published by the Financial Services Agency, available as of April 1, 2012): (i) ordinary banks, of which there were 128, not including foreign commercial banks with banking operations in Japan; and (ii) trust banks, of which there were 16, including Japanese subsidiaries of foreign financial institutions and subsidiaries of Japanese financial institutions.

Ordinary banks consist mainly of city banks and regional banks. City banks, including Mizuho Corporate Bank and Mizuho Bank, are based in large cities, operate domestically on a nation-wide scale through networks of branch offices and have strong links with large corporate customers in Japan. In light of deregulation and other competitive factors, however, many of these banks have placed increasing emphasis on other markets, including retail banking, small and medium-sized enterprise banking, international operations and investment banking. Regional banks are based in one of the prefectures of Japan and are generally much smaller in terms of total assets than city banks. In recent years, some regional banks have allied with each other and formed holding companies to operate in several prefectures. Customers of regional banks, other than local retail customers, include mostly regional enterprises and local public utilities, although regional banks also lend to large corporations. In addition to these types of banks, new retail-oriented banks have emerged in recent years, including Internet banks and banks specializing in placing their ATMs in convenience stores and supermarkets without maintaining a branch network.

Trust banks, including Mizuho Trust & Banking, are engaged in trust services in relation to, among others, money trust, pension trust and real estate trust services, in addition to banking business.

As of May 7, 2012, there were 57 foreign banks operating banking businesses in Japan. These banks are subject to a statutory framework similar to the regulations applicable to Japanese domestic banks. Their principal sources of funds come from their overseas head offices or other branches.

A number of government financial institutions, organized in order to supplement the activities of the private banking institutions, have been in the process of business and organizational restructuring in recent years. In October 2008, some of the government financial institutions were consolidated to form Japan Finance Corporation, which mainly provides financing for small and medium-sized enterprises and those engaged in agriculture, forestry and fishery, and also provides export financing for Japanese corporations. In October 2008, Development Bank of Japan, which mainly engages in corporate financing, and Shoko Chukin Bank, which mainly engages in financing for small and medium-sized enterprises, were transformed into joint stock corporations. Japan Housing Finance Agency supports housing loans of private institutions through the securitization of such loans.

In April 2012, Japan Bank for International Cooperation, which provides policy-based finance with a mission to contribute to the sound development of Japan and the international economy and society, was spun off from Japan Finance Corporation and was established as a joint stock company wholly owned by the Japanese government.

Another distinctive element of the Japanese banking system is the role of the postal savings system. Postal savings deposits are gathered through the network of governmental post offices scattered throughout Japan, and their balance of deposits totaled over 200 trillion yen in the past. In recent years, the governmental postal business has been in the process of organizational restructuring. In 2003, the governmental postal business was transferred to Japan Post, a government-owned entity established in the same year, and in 2007, Japan Post was transformed into a government-owned joint stock corporation holding four operating companies including Japan Post Bank, which currently operates as an ordinary bank. Privatization of the banking and insurance subsidiaries, which was originally planned to be completed by 2017, was suspended in December 2009. In April 2012, a law was enacted under which Japan Post will be retransformed into a joint stock corporation holding three operating companies, and the deadline of the privatization of banking and insurance subsidiaries was abolished and replaced with a statement that the privatization is to be conducted in the near future.

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In the Japanese securities market, a large number of registered entities are engaged in securities businesses, such as sales and underwriting of securities, investment advisory and investment management services. As deregulation of the securities market progressed, several of the country s banking groups have entered into this market through their subsidiaries. In addition, foreign financial institutions have been active in this market.

Supervision and Regulation

Japan

Pursuant to the Banking Law (*Ginkou Hou*) (Law No. 59 of 1981, as amended), the Prime Minister of Japan has authority to supervise banks in Japan and delegates certain supervisory control over banks in Japan to the Commissioner of the Financial Services Agency. The Bank of Japan also has supervisory authority over banks in Japan, based primarily on its contractual agreements and transactions with the banks.

Financial Services Agency

Although the Prime Minister has supervisory authority over banks in Japan, except for matters prescribed by government order, this authority is generally entrusted to the Commissioner of the Financial Services Agency. Additionally, the position of Minister for Financial Services was established by the Cabinet to direct the Commissioner of the Financial Services Agency and to support the Prime Minister.

Under the Banking Law, the Prime Minister s authority over banks and bank holding companies in Japan extends to various areas, including granting and cancellation of licenses, ordering the suspension of business in whole or in part and requiring submission of business reports or materials. Under the prompt corrective action system, the Financial Services Agency, acting on behalf of the Prime Minister, may take corrective action in the case of capital deterioration of banks, their subsidiaries and companies having special relationships prescribed by the cabinet order. These actions include requiring a financial institution to formulate and implement reform measures, requiring it to reduce assets or take other specific actions and issuing an order to suspend all or part of its business operations.

Under the prompt warning system introduced in December 2002, the Financial Services Agency may take precautionary measures to maintain and promote the sound operations of financial institutions, even before those financial institutions become subject to the prompt corrective action system. These measures require a financial institution to reform profitability, credit risk management, stability and cash flow.

The Bank of Japan

The Bank of Japan is Japan s central bank and serves as the principal instrument for the execution of Japan s monetary policy. The principal measures by which the Bank of Japan implements monetary policy are the adjustment of its discount rate, its operations in the open market and the imposition of deposit reserve requirements. Banks in Japan are allowed to obtain borrowings from, and rediscount bills with, the Bank of Japan. Moreover, most banks in Japan maintain current accounts under agreements with the Bank of Japan pursuant to which the Bank of Japan is entitled to supervise, examine and audit the banks. The supervisory functions of the Bank of Japan are intended to enable it to ensure smooth settlement of funds among banks and other financial institutions, thereby contributing to the maintenance of an orderly financial system, whereas the supervisory practices of the Prime Minister or the Commissioner of the Financial Services Agency are intended to maintain the sound operations of banks and promote the security of depositors.

Examination of Banks

The Banking Law authorizes the Prime Minister to inspect banks and bank holding companies in Japan at any time. By evaluating banks systems of self-assessment, auditing their accounts and reviewing their compliance with laws and regulations, the Financial Services Agency monitors the financial soundness of banks, including the status and performance of their control systems for business activities. The inspection of banks is performed pursuant to a Financial Inspection Manual published by the Financial Services Agency. Currently, the Financial Services Agency takes the better regulation approach in its financial regulation and supervision. This consists of four pillars: optimal combination of rules-based and principles-based supervisory approaches; timely recognition of priority issues and effective response; encouraging voluntary efforts by financial institutions and placing greater emphasis on providing them with incentives; and improving the transparency and predictability of regulatory actions, in pursuit of improvement of the quality of financial regulation and supervision. In addition to individual financial institutions, the Financial Services Agency also supervises financial groups as financial conglomerates based on its Guidelines for Financial Conglomerates Supervision that focus on management, financial soundness and operational appropriateness of a financial conglomerate as a whole.

The Bank of Japan also conducts examinations of banks similar to those undertaken by the Financial Services Agency. The examinations are normally conducted once every few years, and involve such matters as examining asset quality, risk management and reliability of operations. Through these examinations, the Bank of Japan seeks to identify problems at an early stage and give corrective guidance where necessary.

In addition, the Securities and Exchange Surveillance Commission examines banks in connection with their financial instruments business activities in accordance with the Financial Instruments and Exchange Law of Japan (*Kinyu Shouhin Torihiki Hou*) (Law No. 25 of 1948, as amended).

Examination and Reporting Applicable to Shareholders

Under the Banking Law, a person who intends to hold 20% (in certain exceptional cases, 15%) or more of the voting rights of a bank is required to obtain prior approval of the Commissioner of the Financial Services Agency. In addition, the Financial Services Agency may request reports or submission of materials from, or inspect, any principal shareholder who holds 20% (in certain exceptional cases, 15%) or more of the voting rights of a bank, if necessary in order to secure the sound and appropriate operation of the business of such bank. Under limited circumstances, the Financial Services Agency may order such principal shareholder to take such measures as the Financial Services Agency deems necessary.

Furthermore, under the Banking Law, any person who becomes a holder of more than 5% of the voting rights of a bank holding company or bank must report its ownership of voting rights to the director of the relevant local finance bureau within five business days. In addition, a similar report must be made in respect of any subsequent change of 1% or more in any previously reported holding or any change in material matters set forth in reports previously filed, with some exceptions.

Deposit Insurance System

Under the Deposit Insurance Law (*Yokin Hoken Hou*) (Law No. 34 of 1971, as amended), depositors are protected through the Deposit Insurance Corporation in cases where financial institutions fail to meet their obligations. The Deposit Insurance Corporation is supervised by the Prime Minister and the Minister of Finance. Subject to limited exceptions, the Prime Minister s authority is entrusted to the Commissioner of the Financial Services Agency.

The Deposit Insurance Corporation receives annual insurance premiums from insured banks, the amount of which is, from April 2010, equivalent to 0.107% of the amount of deposits that bear no interest, are redeemable upon demand and are used by depositors primarily for payment and settlement purposes, and 0.082% of the amount of other deposits. However, for the fiscal year ending March 31, 2013, if there are no insured bank failures, the insurance premium rate of 0.089% for deposits that bear no interest, are redeemable upon demand and are used by depositors primarily for payment and settlement purposes and the insurance premium rate of 0.068% for other deposits shall be applied retroactively from the beginning of such fiscal year, and the amount paid in excess of such rates will be reimbursed to insured banks without interest.

The insurance money may be paid out in case of a suspension of deposits repayments, banking license revocation, dissolution or bankruptcy of the bank. Pay outs are generally limited to a maximum of ¥10 million of principal amount, together with any interest accrued with respect to each depositor. Only non-interest bearing deposits, redeemable on demand and used by depositors primarily for payment and settlement functions are protected in full.

Participation in the deposit insurance system is compulsory for city banks (including Mizuho Corporate Bank and Mizuho Bank), regional banks, long-term credit banks, trust banks (including Mizuho Trust & Banking), credit associations and co-operatives, labor banks and other financial institutions.

Governmental Measures to Treat Troubled Institutions

Under the Deposit Insurance Law, a Financial Reorganization Administrator can be appointed by the Prime Minister if the bank is unable to fully perform its obligations with its assets or may suspend or has suspended repayment of deposits. The Financial Reorganization Administrator will take control of the assets of the bank, dispose of the assets and search for another institution willing to take over its business. Its business may also be transferred to a bridge bank established by the Deposit Insurance Corporation for the purpose of the temporary maintenance and continuation of operations of these types of institutions, and the bridge bank will seek to transfer the bank s assets to another financial institution or dissolve the bank. The financial aid provided by the Deposit Insurance Corporation may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee or assumption of debts, subscription of preferred stock, or loss sharing. Where it is anticipated that the failure of a bank may cause an extremely grave problem in maintaining the financial order in Japan or the region where such bank is operating, the following measures may be taken: (i) the Deposit Insurance Corporation may subscribe for the shares or other instruments of the relevant bank in order to enhance capital adequacy of the bank; (ii) if the bank fails or suffers a capital deficit, financial aid exceeding the pay-off cost may be available to such bank; and (iii) in the case where the systemic risk cannot be avoided by the measure mentioned in (ii) above, the Deposit Insurance Corporation may acquire the bank s shares.

Capital Injection by the Government

The Strengthening Financial Functions Law (*Kinyu Kinou no Kyouka no tame no Tokubetsu Sochi ni kansuru Houritsu*) (Law No. 128 of 2004) was enacted on June 18, 2004 in order to establish a scheme of public money injection into financial institutions and thereby enhance the soundness of such financial institutions on or prior to March 31, 2008 and revitalize economic activities in the regions where they do business. On December 17, 2008, certain amendments to the Strengthening Financial Functions Law took effect. These amendments relaxed certain requirements for public money injection into Japanese banks and bank holding companies and other financial institutions under the prior scheme and extended the period of application therefor, which had expired on March 31, 2008, to March 31, 2012. These amendments aim to promote not only the soundness of such financial institutions but also the extension of loans or other forms of credit to small and medium-sized enterprises in order to revitalize local economies. In response to the Great East Japan Earthquake, the law was amended in June 2011 to extend the period for application to March 31, 2017 and to include special exceptions for disaster-affected financial institutions. None of the financial institutions within the Mizuho group are subject to such special exceptions.

Bank Holding Companies

Under the Banking Law, a bank holding company is prohibited from carrying out businesses other than administrating the businesses of its subsidiaries and matters incidental to such businesses. Business activities for subsidiaries of bank holding companies are limited to finance-related businesses and incidental businesses.

The Anti-Monopoly Law (*Shiteki Dokusen no Kinshi oyobi Kousei Torihiki no Kakuho ni kansuru Houritsu*) (Law No. 54 of 1947, as amended) prohibits a bank from holding more than 5% of another company s voting rights. This does not apply to a bank holding company, although the bank holding company is subject to general shareholding restrictions under the Anti-Monopoly Law. The Banking Law does, however, prohibit a bank holding company and its subsidiaries, on an aggregate basis, from holding more than 15% (in contrast to 5% in the case of a bank and its subsidiaries) of the voting rights of certain types of companies not permitted to become subsidiaries of bank holding companies.

Financial Instruments and Exchange Law

The Financial Instruments and Exchange Law (*Kinyu Shouhin Torihiki Hou*) requires Mizuho Financial Group to file with the Director General of the Kanto Local Finance Bureau an annual securities report including consolidated and non-consolidated financial statements in respect of each financial period, supplemented by quarterly and extraordinary reports.

Under the Financial Instruments and Exchange Law, registered Financial Instruments Business Operators (*kinyu-shouhin torihiki gyousha*), such as Mizuho Securities, as well as Registered Financial Institutions (*touroku kinyu kikan*), such as Mizuho Bank, Mizuho Corporate Bank and Mizuho Trust & Banking, are required to provide customers with detailed disclosure regarding the financial products they offer and take other measures to protect investors, including a delivery of explanatory documents to such customers prior to and upon the conclusion of transactional agreements.

Financial Instrument Business Operators and Registered Financial Institutions are subject to the supervision of the Financial Services Agency pursuant to delegation by the Prime Minister of Japan. Some of the supervisory authority of the Financial Services Agency is further delegated to the Securities and Exchange Surveillance Commission, which exercises its supervisory power over such registered institutions by conducting site inspections and requesting information necessary for such inspections. Non-compliance or interference with such inspection may result in such registrants being subject to criminal penalty under the Financial Instruments and Exchange Law.

Certain amendments to the Financial Instruments and Exchange Law and the Banking Law, which came into effect on June 1, 2009, revamped the firewall regulations regarding the holding of concurrent offices or posts among banks, securities firms and insurance firms and required banks, securities firms and insurance firms to establish systems for managing conflicts of interest in order to protect customers interests and expanded the types of business services that banks and certain other financial firms can provide.

Sales of Financial Products

As a result of financial deregulation, more financial products, including highly structured and complicated products, can now be more freely marketed to customers. In response to this, the Law of Sales of Financial Products (*Kinyu Shouhin no Hanbai tou ni kansuru Houritsu*) (Law No. 101 of 2000, as amended), effective from April 2001, introduced measures to protect financial service customers by: requiring financial service providers to provide customers with certain important information, including risks with respect to deficit of principal associated with the financial products they offer and any restrictions on the period for exercising rights or the period for rescission, unless the customers fall within the ambit of professional investors or express their intent to the contrary; and holding financial service providers liable for damages caused by a failure to follow those requirements. The amount of loss of principal is refutably presumed to be the amount of damages. Additionally, the law requires financial service providers to follow certain regulations on solicitation measures as well as to endeavor to solicit customers in an appropriate manner and formulate and publicize a solicitation policy.

Self-Assessment and Reserves

The prompt corrective action system requires financial institutions to establish a self-assessment program that complies with the Inspection Manual issued by the Financial Services Agency and related laws such as the Financial Reconstruction Law (*Kinyu Kinou no Saisei no tameno Kinkyu Sochi ni kansuru Houritsu*) (Law No. 132 of 1998, as amended). Financial institutions are required to analyze their assets, giving due consideration to accounting principles and other applicable rules and to classify their assets into four categories according to asset recovery risk and risk of impairment based on the classification of the obligor (normal obligors, watch obligors, intensive control obligors, substantially bankrupt obligors and bankrupt obligors) taking into account the likelihood of repayment and the risk of impairment to the value of the assets. The results of self-assessment should be reflected in the write-off and allowance according to the standard established by financial institutions pursuant to the guidelines issued by the Japanese Institute of Certified Public Accountants and Inspection Manual issued by the Financial Services Agency. Based on the results of the self-assessment, financial institutions may establish reserve amounts for their loan portfolio as may be considered adequate at the relevant balance sheet date, even if all or part of such reserves may not be immediately tax deductible under Japanese tax law.

Based on the accounting standards for banks issued by the Japanese Bankers Association, a bank is required to establish general reserves, specific reserves and reserves for probable losses on loans relating to restructuring countries.

Credit Limits

The Banking Law restricts the aggregate amount of loans to any single customer or customer group for the purposes of avoiding excessive concentration of credit risks and promoting the fair and extensive utilization of bank credit. The limits applicable to a bank holding company and bank with respect to their aggregate lending to any single customer or customer group are established by a cabinet order and by the Banking Law. The current limits are 25% of the total qualifying capital of the bank holding company or bank and its subsidiaries and affiliates with respect to a single customer and 40% of the total qualifying capital of the bank holding company or bank and its subsidiaries and affiliates with respect to a customer group.

Restriction on Shareholdings

The Law Concerning Restriction on Shareholdings by Banks (*Ginkou tou no Kabushiki tou no Hoyu no Seigen tou ni kansuru Houritsu*) (Law No. 131 of 2001, as amended) requires Japanese banks (including bank holding companies) and their subsidiaries to limit the aggregate market value (excluding unrealized gains, if any) of their holdings in equity securities to an amount equal to 100% of their Tier 1 capital in order to reduce exposure to stock price fluctuations.

Share Purchase Program

The Banks Shareholdings Purchase Corporation was established in January 2002 in order to purchase shares from banks and other financial institutions until September 30, 2006 pursuant to the Law Concerning Restriction on Shareholdings by Banks. Bank s Shareholdings Purchase Corporation is allowed to resume purchases of shares held by financial institutions as well as shares of financial institutions held by non-financial institutions, up to a maximum amount of ¥20 trillion between March 12, 2009 and March 31, 2017. The Bank s Shareholdings Purchase Corporation purchased ¥713.8 billion of shares during the period from March 12, 2009 through June 30, 2012. The Bank s Shareholdings Purchase Corporation will dispose of the purchased shares by March 31, 2027 by taking into consideration the effects on the stock market.

The Bank of Japan also purchased ¥387.8 billion of shares held by banks and other financial institutions during the period from February 23, 2009 through April 30, 2010. The Bank of Japan generally will not sell the purchased shares until March 31, 2014. The Bank of Japan will dispose of the purchased shares by September 30, 2019 by taking into consideration the effects on the stock market.

Capital Adequacy

The capital adequacy guidelines applicable to Japanese banks and bank holding companies with international operations supervised by the Financial Services Agency closely follow the risk-adjusted approach proposed by the Bank for International Settlements and are intended to further strengthen the soundness and stability of Japanese banks. Under the risk-based capital framework of these guidelines, balance sheet assets and off-balance-sheet exposures are assessed according to broad categories of relative risk, based primarily on the credit risk of the counterparty, country transfer risk and the risk regarding the category of transactions.

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With regard to capital, these guidelines are in accordance with the standards of the Bank for International Settlements for a target minimum standard capital adequacy ratio of 8% (at least half of which must consist of Core Capital (Tier 1), for a minimum Core Capital ratio of 4%) on both a consolidated and non-consolidated basis for banks with international operations, such as Mizuho Corporate Bank, or on a consolidated basis for bank holding companies with international operations, such as Mizuho Financial Group.

Banks and bank holding companies are required to measure and apply capital charges with respect to their market risks in addition to their credit risks. Market risk is defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices such as the risks pertaining to interest rate-related instruments and equities.

Japanese banks with only domestic operations, such as Mizuho Bank, and bank holding companies the subsidiaries of which operate only within Japan are subject to Japanese capital adequacy requirements that are similar to those discussed above, except that those banks and holding companies are required to have a minimum capital adequacy ratio of 4%, at least half of which must consist of Tier 1 capital, and are not required to apply capital charges to their market risks.

Under the capital adequacy guidelines, the maximum amount of net deferred tax assets under Japanese GAAP that major Japanese banks, including bank holding companies, can record without diminishing the amount of Tier 1 capital for purposes of calculating capital adequacy is 20% of Tier 1 capital.

In June 2004, the Basel Committee on Banking Supervision announced amended rules with respect to minimum capital requirements, which include amended risk weight calculations that introduce an internal ratings-based approach and the inclusion of operational risk in the calculations, as well as an emphasis on supervisory review and market discipline through effective disclosure. The amendments adopt variable risk weights according to the credit rating given to the obligor of the risk-weighted assets. The better the credit rating of an obligor is, the lower the risk weight applicable to the risk-weighted assets owed by it. Also, the new rules require financial institutions to establish an internal risk management system, to make thorough disclosure of relevant information and to set an appropriate reserve against operational risk based upon a fair evaluation thereof. The new Financial Services Agency guidelines, which follow the amended rules, became effective on March 31, 2007, except for the introduction of the advanced methodologies to calculate capital requirements for risks which took effect on March 31, 2008. Under the new guidelines, banks and bank holding companies have several choices for the methodologies to calculate their capital requirements for credit risk, market risk and operational risk. Approval of the Financial Services Agency is necessary to adopt advanced methodologies for calculation, and Mizuho Financial Group started to apply the AIRB approach for the calculation of credit risk from the fiscal year ended March 31, 2009 and also apply the AMA for the calculation of operational risk from September 30, 2009.

In December, 2010, the Basel Committee on Banking Supervision issued its Basel III rules text, which presents the details of global regulatory standards on bank capital adequacy and liquidity. The rules text sets out higher and better-quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirement, measures to promote the build up of capital that can be drawn down in periods of stress, and the introduction of two global liquidity standards. For further information of the rules text, see Item 5. Operating and Financial Review and Prospects Capital Adequacy Regulatory Capital Requirements.

In March 2012, the Financial Services Agency published revisions to its capital adequacy guidelines to be applied from March 31,2013, which generally reflect rules in the Basel III text that are scheduled to be applied from January 1, 2013.

Protection of Personal Information

The Personal Information Protection Law (*Kojin Jouhou no Hogo ni kansuru Houritsu*) (Law No. 57 of 2003, as amended) and related guidelines impose various requirements on businesses, including us, that use databases containing personal information, such as appropriate custody of such information and restrictions on information sharing with third parties. Non-compliance with the order issued by the Financial Services Agency to take necessary measures to comply with the law will subject us to criminal and/or administrative sanctions.

Prevention of Money Laundering

Under the Law Preventing Transfer of Profits Generated from Crime (*Hanzai ni yoru Syueki no Iten Boushi ni kansuru Houritsu*) (Law No. 22 of 2007, as amended), which addresses money laundering and terrorism concerns, financial institutions and other entities such as credit card companies are required to perform customer identification, submit suspicious transaction reports and maintain records of transactions.

Law Concerning Protection of Depositors from Illegal Withdrawals Made by Forged or Stolen Cards

The Law Concerning Protection of Depositors from Illegal Withdrawals Made by Forged or Stolen Cards (*Gizou Kaado tou oyobi Tounan Kaado tou wo Mochiite Okonawareru Fuseina Kikaishiki Yochokin Haraimodoshi tou karano Yochokinsha no Hogo tou ni kansuru Houritsu*) (Law No. 94 of 2005, as amended) requires financial institutions to establish internal systems to prevent illegal withdrawals of deposits using forged or stolen bank cards. The law also requires financial institutions, among other matters, to compensate depositors for any amount illegally withdrawn using forged bankcards, unless the financial institution can verify that it acted in good faith without negligence and that there was gross negligence on the part of the relevant account holder.

Law Concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises (SMEs), etc.

The Law Concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises (SMEs), etc. (*Chuushoukigyousha tou ni taisuru Kinyuu no Enkatsuka wo Hakaru tameno Rinjisochi ni kansuru Houritsu*) (Law No. 96 of 2009) was enacted on November 30, 2009. The legislation requires financial institutions, among other things, to make an effort to reduce their customers burden of loan repayments by employing methods such as modifying the terms of loans at the request of eligible borrowers, including SMEs and individual home loan borrowers. The legislation also requires financial institutions to internally establish a system to implement the requirements of the legislation and periodically make disclosure of and report to the relevant authority on the status of implementation. These measures are effective until March 2013.

United States

As a result of our operations in the United States, we are subject to extensive U.S. federal and state supervision and regulation. We engage in U.S. banking activities through Mizuho Corporate Bank s New York, Chicago and Los Angeles branches and Houston and Atlanta representative offices. We also own one bank in the United States, Mizuho Corporate Bank (USA), as well as controlling interests in several other subsidiaries, including Mizuho Trust & Banking Co. (USA), which is engaged primarily in the trust and custody business, and Mizuho Securities USA Inc., a U.S. broker dealer engaged in the securities business.

The USA PATRIOT Act of 2001 (the PATRIOT Act) contains measures to prevent, detect and prosecute terrorism and international money laundering by imposing significant compliance and due diligence obligations, creating new crimes and penalties and expanding the extraterritorial jurisdiction of the United States. The enactment of the PATRIOT Act and other events have resulted in heightened scrutiny of compliance with the Bank Secrecy Act and anti-money laundering rules by federal and state regulatory and law enforcement authorities.

Mizuho Financial Group and Mizuho Corporate Bank are financial holding companies (FHCs), and Mizuho Trust & Banking is a bank holding company, within the meaning of the U.S. Bank Holding Company Act of 1956, as amended (the BHCA), and are subject to regulation and supervision thereunder by the Board of Governors of the Federal Reserve System (the Federal Reserve Board). As a matter of law, these three companies are expected to act as a source of financial strength to Mizuho Corporate Bank (USA) and Mizuho

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Trust & Banking Co. (USA). The BHCA generally prohibits us from acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of any company engaged in the United States in activities other than banking or activities that are financial in nature or incidental or complementary to financial activity. This general prohibition is subject to certain exceptions, including an exception that permits us to acquire up to 100% of the voting interests in any company engaged in nonfinancial activities under our merchant banking authority. In addition, U.S. regulatory approval is generally required for us to acquire more than 5% of any class of voting shares of a U.S. bank or savings association.

Mizuho Financial Group and Mizuho Corporate Bank became FHCs in December 2006. FHC status under the BHCA permits banking groups in the United States to engage in comprehensive investment banking businesses, such as the underwriting of and dealing in corporate bonds, equities and other types of securities. FHC status enables our group to promote our investment banking business on a broader basis in the United States.

As a financial holding company, we are also subject to additional regulatory requirements. For example, we and each of our U.S. insured depository institution subsidiaries with operations in the United States must be well capitalized, meaning a Tier 1 risk-based capital ratio of at least 6% and a total risk-based capital ratio of at least 10%. We and each of our U.S. insured depository institution subsidiaries must also be well managed, including that they maintain examination ratings that are at least satisfactory. Further, Mizuho Corporate Bank must also meet such capital standards as calculated under its home country standards (which must be comparable to the capital required for a U.S. bank) and must be well managed under standards comparable to those required for a U.S. bank. Failure to comply with such requirements would require us to prepare a remediation plan, and we would not be able to undertake new business activities or acquisitions based on our status as a financial holding company during any period of noncompliance without the prior approval of the Federal Reserve Board, and divestiture or termination of certain business activities, or termination of our U.S. branches and agencies, may be required as a consequence of failing to correct such conditions within 180 days.

U.S. branches, agencies and representative offices of foreign banks must be licensed, and are also supervised and regulated, by either a state banking authority or by the Office of the Comptroller of the Currency, the federal bank regulatory agency that charters and regulates national banks and federal branches and agencies of foreign banks. Each branch and representative office in the United States of Mizuho Corporate Bank is state-licensed. Under U.S. federal banking laws, state-licensed branches and agencies of foreign banks may engage only in activities that would be permissible for their federally-licensed counterparts, unless the Federal Reserve Board determines that the additional activity is consistent with sound practices. U.S. federal banking laws also subject state-licensed branches and agencies to the single-borrower lending limits that apply to federal branches and agencies, which generally are the same as the lending limits applicable to national banks, but are based on the capital of the entire foreign bank.

The New York branch of Mizuho Corporate Bank is subject to supervision, examination and regulation by the New York State Department of Financial Services as well as by the Federal Reserve Board. Except for the prohibition on such branch accepting retail deposits, a state-licensed branch generally has the same powers as a state-chartered bank in such state. New York State has an asset pledge requirement for branches equal to 1% of third party liabilities with a cap of $400 million, provided that an institution designated as a well-rated foreign banking corporation is permitted to maintain a reduced asset pledge with a cap of $100 million. The New York State Department of Financial Services may require higher amounts for supervisory reasons. Each U.S. branch and representative office of Mizuho Corporate Bank is subject to regulation and examination by the state banking authority of the state in which it is located.

The deposits of Mizuho Corporate Bank (USA) are insured by the Federal Deposit Insurance Corporation (FDIC), and it is a state-chartered bank that is a member of the Federal Reserve System. As such, Mizuho Corporate Bank (USA) is subject to regulation, supervision and examination by the Federal Reserve Board and the New York State Department of Financial Services, as well as to relevant FDIC regulation.

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The deposits of Mizuho Trust & Banking Co. (USA) are also FDIC-insured, and it is a state-chartered bank and trust company that is not a member of the Federal Reserve System. As such, Mizuho Trust & Banking Co. (USA) is subject to regulation, supervision and examination by the FDIC and the New York State Department of Financial Services.

In the United States, U.S.-registered broker-dealers are regulated by the U.S. Securities and Exchange Commission. As a U.S.-registered broker-dealer, Mizuho Securities USA is subject to regulations that cover all aspects of the securities business, including sales methods, trade practices among broker-dealers, use and safekeeping of customers funds and securities, capital structure, recordkeeping, the financing of customers purchases and the conduct of directors, officers and employees.

In the United States, comprehensive financial regulatory reform legislation, titled the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd Frank Act), was signed into law by President Obama on July 21, 2010. The Dodd-Frank Act will have far-reaching implications across the financial services industry. Among other things, the Dodd-Frank Act directs the federal banking regulators to establish minimum leverage and risk-based capital requirements for insured depository institutions and depository institution holding companies. The Dodd-Frank Act also directs the Federal Reserve Board to issue rules, including heightened risk-based capital requirements, leverage limits, liquidity requirements and overall risk management standards, on the large, interconnected firms it supervises.

Other Jurisdictions

Our operations elsewhere in the world are subject to regulation and control by local supervisory authorities, including local central banks.

4.C. Organizational Structure

The following diagram shows our basic corporate structure as of March 31, 2012:

Notes:

(1) In September 2011, Mizuho Securities, Mizuho Investors Securities and Mizuho Trust & Banking became wholly-owned subsidiaries through stock-for-stock exchanges, and all three companies, formerly listed on the Tokyo Stock Exchange and other financial instrument exchanges, were delisted.

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(2) Two asset management companies consist of Mizuho Asset Management and DIAM. DIAM, in which we have a 50.0% equity interest, is an equity-method affiliate of ours.

The following table sets forth information with respect to our principal consolidated subsidiaries as of March 31, 2012:

Name	Country of organization	Main business	Proportion of ownership interest (%)	Proportion of voting interest (%)
Domestic				
Mizuho Bank, Ltd.	Japan	Banking	100.0%	100.0%
Mizuho Corporate Bank, Ltd.	Japan	Banking	100.0	100.0
Mizuho Securities Co., Ltd.	Japan	Securities	94.7	94.7
Mizuho Trust & Banking Co., Ltd.	Japan	Trust and banking	100.0	100.0
Mizuho Investors Securities Co., Ltd.	Japan	Securities	100.0	100.0
Trust & Custody Services Bank, Ltd.	Japan	Trust and banking	54.0	54.0
Mizuho Asset Management Co., Ltd.	Japan	Investment management	98.7	98.7
Mizuho Research Institute Ltd.	Japan	Research and consulting	98.6	98.6
Mizuho Information & Research Institute, Inc.	Japan	Information technology	91.5	91.5
Mizuho Financial Strategy Co., Ltd.	Japan	Consulting	100.0	100.0
Mizuho Private Wealth Management Co., Ltd.	Japan	Consulting	100.0	100.0
Mizuho Factors, Limited	Japan	Factoring	100.0	100.0
Mizuho Credit Guarantee Co., Ltd.	Japan	Credit guarantee	100.0	100.0
Mizuho Capital Co., Ltd.	Japan	Venture capital	50.0	50.0
Defined Contribution Plan Services Co., Ltd.	Japan	Pension plan-related business	60.0	60.0
Overseas				
Mizuho Bank (Switzerland) Ltd	Switzerland	Trust and banking	100.0	100.0
Mizuho Capital Markets Corporation	U.S.A.	Derivatives	100.0	100.0
Mizuho Corporate Bank (China), Ltd.	China	Banking	100.0	100.0
Mizuho Corporate Bank (USA)	U.S.A.	Banking	100.0	100.0
Mizuho Corporate Bank Nederland N.V.	Netherlands	Banking and securities	100.0	100.0
Mizuho International plc	U.K.	Securities and banking	100.0	100.0
Mizuho Securities USA Inc.	U.S.A.	Securities	100.0	100.0
Mizuho Trust & Banking (Luxembourg) S.A.	Luxembourg	Trust and banking	100.0	100.0
Mizuho Trust & Banking Co. (USA)	U.S.A.	Trust and banking	100.0	100.0
PT. Bank Mizuho Indonesia	Indonesia	Banking	99.0	99.0

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4.D. Property, Plant and Equipment

The following table shows the breakdown of our premises and equipment at cost as of March 31, 2011 and 2012:

	At March 31, 2011	At March 31, 2012
	(in millions of yen)	
Land	¥ 266,827	¥ 271,083
Buildings	710,226	735,188
Equipment and furniture	466,667	480,068
Leasehold improvements	88,107	89,200
Construction in progress	28,777	11,575
Software	683,514	668,448
Total	2,244,118	2,255,562
Less: Accumulated depreciation and amortization	1,129,914	1,150,693
Premises and equipment net	¥ 1,114,204	¥ 1,104,869

Our head office is located at 5-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan with 14,134 square meters of office space. The headquarter buildings of Mizuho Financial Group, Mizuho Corporate Bank and Mizuho Bank are each leased from third parties.

The total area of land related to our material office and other properties at March 31, 2012 was approximately 798,000 square meters for owned land and approximately 21,000 square meters for leased land.

Our owned land and buildings are primarily used by our branches. Most of the buildings and land owned by us are free from material encumbrances.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

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ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis should be read in conjunction with Item 3.A. Key Information Selected Financial Data, Selected Statistical Data and our consolidated financial statements, including the notes thereto, included elsewhere in this annual report.

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Overview

The Mizuho Group

We provide a broad range of financial services in domestic and overseas markets through three Global Groups: the Global Corporate Group; the Global Retail Group; and the Global Asset & Wealth Management Group. The principal activities and subsidiaries of the three Global Groups are the following:

- The Global Corporate Group provides wholesale and international banking and securities services, principally through Mizuho Corporate Bank and Mizuho Securities;

- The Global Retail Group provides retail and small and medium-sized enterprises (SMEs) and middle-market corporation banking and securities services in Japan, principally through Mizuho Bank and Mizuho Investors Securities; and

- The Global Asset & Wealth Management Group provides trust and asset management services and private banking products and services, principally through Mizuho Trust & Banking, Trust & Custody Services Bank, Mizuho Asset Management, DIAM (an equity-method affiliate of ours) and Mizuho Private Wealth Management.

We also provide other services such as research services through Mizuho Research Institute, information technology-related services through Mizuho Information & Research Institute and advisory services for financial institutions through Mizuho Financial Strategy.

In November 2011, we announced that we determined to conduct a merger between Mizuho Bank and Mizuho Corporate Bank by around the end of the first half of the fiscal year ending March 31, 2014, on the assumption that, among other things, filings will have been made to and permission obtained from the relevant authorities in Japan and any foreign countries, and signed a memorandum of understanding for further consideration and discussion of the details. Through the merger, we aim to become able to provide directly and promptly diverse and functional financial services to customers of Mizuho Bank and Mizuho Corporate Bank, to continue to improve customer services by further enhancing group-wide collaboration among the banking, trust and securities functions, and to realize further enhancement of the consolidation of group-wide business

operations and optimization of management resources by strengthening group governance and improving group management efficiency. In addition to the merger, we will consider the possibility of an integration that includes Mizuho Trust & Banking. In March 2012, we announced that we determined that the effective date of the Merger shall be July 1, 2013.

In April 2012, we integrated various business functions of Mizuho Bank and Mizuho Corporate Bank prior to the effective date of the merger and implemented the substantive one bank structure, which included establishing a new organizational structure by unifying and reorganizing certain units, in order to realize the synergy effects of the merger as early as possible and ultimately to enhance our group profitability.

In May 2012, we announced that Mizuho Securities and Mizuho Investors Securities signed a merger agreement to enhance our retail securities business in Japan, rationalize and streamline management infrastructure, and provide securities functions in a unified manner through a single full-line securities company. We plan to conduct the merger on January 4, 2013.

For a further discussion of our business and group organization, see Item 4.B. Information on the Company Business Overview.

Principal Sources of Income and Expenses

Net Interest Income

Net interest income arises principally from the lending and deposit-taking and securities investment activities of our banking subsidiaries and is a function of:

- the amount of interest-earning assets and interest-bearing liabilities;
- the average interest rate spread (the difference between the average yield of interest earned on interest-earning assets and the average rate of interest paid on interest-bearing liabilities); and
- the general level of interest rates.

Principal items constituting interest-earning assets include loans, investments, trading account assets, receivables under resale agreements and receivables under securities borrowing transactions. Principal items constituting interest-bearing liabilities include deposits, trading account liabilities, short-term borrowings (such as payables under repurchase agreements and payables under securities lending transactions) and long-term debt.

Provision (Credit) for Loan Losses

Provision (credit) for loan losses is charged against (or credited to) income to keep the allowance for loan losses at a level that is appropriate to absorb probable losses inherent in the credit portfolio. For a description of the approach and methodology used to establish the allowance for loan losses, see Financial Condition Allowance for loan losses.

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Noninterest Income

Noninterest income consists mainly of fees and commissions, investment gains (losses) net, trading account gains (losses) net and foreign exchange gains (losses) net.

Fees and commissions include the following:

- fees and commissions from securities-related business, including brokerage fees and commissions related to securities underwriting, fees and commissions related to investment trusts and individual annuities and other securities-related activities;

- fees and commissions from remittance business, including service charges for domestic and international funds transfers and collections;

- fees and commissions from deposits, debentures and lending business, which consist mostly of fees and commissions related to our loan businesses, including fees related to the arrangement of syndicated loans and other financing transactions such as arrangement fees related to management buy-out transactions and fees related to deposits such as account transfer charges;

- trust fees, including trust fees earned primarily through fiduciary asset management and administration services for corporate pension plans and investment funds; and

- fees for other customer services, including fees related to our agency businesses, such as administration fees related to Japan s principal public lottery program, as well as guarantee fees and others.

Investment gains (losses) net primarily include net gains and losses on sales of marketable securities, such as equity and bond investments. In addition, impairment losses are recognized when management concludes that declines in fair value of investments are other-than-temporary.

Trading account gains (losses) net include gains and losses from transactions undertaken for trading purposes, including both market making for customers and proprietary trading, or transactions through which we seek to capture gains arising from short-term changes in market value. Trading account gains (losses) net also include gains and losses related to changes in the fair value of derivatives and other financial instruments not eligible for hedge accounting under U.S. GAAP that are utilized to offset mainly interest rate risk related to our various assets and liabilities, as well as gains and losses related to changes in the fair value of foreign currency-denominated available-for-sale securities that are elected for fair value treatment under ASC 825. For further information on the fair value option, see note 29 to our consolidated financial statements included elsewhere in this annual report.

Foreign exchange gains (losses) net mainly include translation gains and losses related to our foreign currency-denominated assets and liabilities and gains and losses related to foreign exchange trading activities, including market making for customers and proprietary trading.

Noninterest Expenses

Noninterest expenses primarily include salaries and employee benefits, general and administrative expenses, occupancy expenses and fees and commission expenses.

Salaries and employee benefits include expenses incurred for salaries, bonuses and compensation to directors and employees. They also include expenses related to pension and other employee retirement benefit plans.

The principal items included in general and administrative expenses are amortization of software, tax expenses such as consumption tax and property tax that are not income taxes and other expenses, including premiums for deposit insurance.

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The principal items included in occupancy expenses are expenses related to premises and equipment, including depreciation, losses on disposal and lease expenses.

The principal items included in fees and commission expenses are fees and commission expenses for remittance services, which mainly include commission expenses paid in connection with remittance transactions and securities-related businesses, which mainly include transactions costs such as brokerage fees paid.

Operating Environment

We operate principally in Japan, and our performance has generally tracked the macro economy of Japan. Since the fiscal year ended March 31, 2008, the global economy has weakened due mainly to the effects of the global financial market turmoil. The global economy continued to worsen in the fiscal year ended March 31, 2009, and financial results in the financial and industrial sectors deteriorated significantly. However, the global economy emerged from its worst and maintained a gradual recovery in the fiscal year ended March 31, 2010. In the fiscal year ended March 31, 2011, the global economy generally continued on a gradual recovery while the fiscal problems faced by certain countries in Europe became an increasing cause for concern.

In the fiscal year ended March 31, 2012, despite the continuing overall gradual recovery of the global economy, the recovery remains weak due to destabilization of the international financial and capital markets caused by the fiscal problems in Europe and the decline in exports to Europe impacting the real economies of newly developing countries. In the United States, gradual recovery in the economy appears to be continuing, while the risk remains of a slackening in the economy, including rising oil prices and the pressure on the government to implement a tight fiscal policy due to the constraints imposed by the debt ceiling. In Europe, the economy has entered a slowdown phase, with the fiscal problems experienced by certain countries impacting the real economy, and the future of the European economy holds little prospect of a drastic speedy fix for the Euro-area s debt problems, and it is difficult to predict the effects on the global economy. In Asia, although the region continues to maintain relatively strong economic growth, such growth is slowing as a whole, including due to the impact of the decline in exports associated with the economic stagnation in Europe. In Japan, the recovery from the impact of the Great East Japan Earthquake continues. Despite the temporary standstill in exports and production due to the impact of the floods in Thailand in fall 2011, there are visible signs of a gradual recovery. As for the future direction of the economy, while there are boosting factors such as the growing demand in relation to reconstruction efforts, there are also several causes for concern, such as the strength of the yen against other currencies, rising oil prices, the downturn in overseas economies and electricity shortages, which pose a risk of acting as a drag on economic growth. Key indicators of economic conditions in recent periods include the following:

Japan s real gross domestic product on a year-on-year basis increased by 1.8% in the fiscal year ended March 31, 2008, decreased by 3.7% and 2.0% in the fiscal years ended March 31, 2009 and 2010, respectively, increased by 3.2% in the fiscal year ended March 31, 2011 and was unchanged in the fiscal year ended March 31, 2012. After continuing to decrease in each quarter of calendar 2011, Japan s real gross domestic product on a quarterly basis, compared to the corresponding period of the previous year, increased by 2.8% in the first quarter of calendar 2012. The Japanese government stated in its monthly economic report from January through April 2012 that the Japanese economy is still picking up slowly but that difficulties continue to prevail due to the Great East Japan Earthquake, and in May 2012, the report began to express that the Japanese economy is on the way to recovery at a moderate pace, reflecting demand for reconstruction, while difficulties continue to prevail. Japan s core nationwide consumer price index increased by 0.3% and 1.2% in the fiscal years ended March 31, 2008 and 2009, respectively, but decreased by 1.6%, 0.8% in the fiscal years ended March 31, 2010 and 2011, respectively, and the index was unchanged in the fiscal year ended March 31, 2012 compared to the previous year. The Japanese government has been stating in its monthly economic reports from November 2009 onwards that the Japanese economy is in a mild deflationary phase.

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The following chart shows the growth rates of Japan s gross domestic product on a year-on-year basis and Japan s core nationwide consumer price indices from the first quarter of 2007 through the first quarter of 2012:

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In October 2010, the Bank of Japan lowered its target for the uncollateralized overnight call rate from 0.1% to around 0 to 0.1%, which has since remained unchanged. In December 2009, the Bank of Japan announced that it would provide approximately ¥10 trillion in short-term funds to commercial banks at a low fixed rate in order to boost liquidity and recover stability in the financial markets and increased the amount to approximately ¥20 trillion and ¥30 trillion in March and August 2010, respectively. These measures were succeeded by an asset purchase program of approximately ¥35 trillion established by the Bank of Japan in October 2010, and it increased the amount of the asset purchase program, mainly for the purchase of risk assets, to approximately ¥40 trillion, ¥50 trillion, ¥55 trillion, ¥65 trillion, and ¥70 trillion in March, August and October 2011 and February and April 2012, respectively. In June 2010, the Bank of Japan announced that it would introduce a fund-provisioning measure under which it would provide long-term funds to financial institutions at a low fixed rate in order to support the strengthening of the foundations for economic growth, and in June 2011, it also announced that it would establish a new line of credit to financial institutions for making equity investments and lending against liquid assets as collateral in order to further encourage financial institutions efforts to support economic growth. In February 2012, the Bank of Japan announced that it would pursue a price stability goal in the medium to long term, under which it would aim to maintain inflation at a rate consistent with price stability that is sustainable in the medium to long term, and provisionally set the goal at 1%. In March 2012, the Bank of Japan announced that it would establish special rules for a new arrangement for loans for small-lot investments and loans that had not been deemed eligible in the rules settled in June 2011 mentioned above, and it also announced that it would establish special rules for a new arrangement for U.S. dollar loans for investments and loans denominated in foreign currencies. The following charts show movements in long-term rates from January 2009 to June 2012, represented by the yield on newly issued 10-year Japanese government bonds, and in short-term interest rates from January 2009 to June 2012, represented by the three-month Tokyo interbank offered rate, or TIBOR, and the uncollateralized overnight call rate used in the interbank market:

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According to the Bank of Japan, the aggregate monthly average balance of bank loans compared with that of the previous year started to increase in August 2005. The growth generally peaked in December 2008, and the aggregate monthly average balance of bank loans began showing a declining trend beginning December 2009. Thereafter, it again started to increase in October 2011.

The CDS index called Markit iTraxx Japan, which is composed of 50 of the most liquid investment grade CDSs for Japanese entities, rose to 154.5 basis points as of March 30, 2012 from 141.7 basis points as of March 31, 2011, and rose to 177.4 basis points as of June 29, 2012. For information on financial transactions for hedging in relation to credit derivatives, see Item 3.D. Key Information Risk Factors Risks Relating to Our Business Financial transactions entered into for hedging and other similar purposes could adversely affect our financial condition and results of operations.

According to Teikoku Databank, a Japanese research institution, there were approximately 12,900 corporate bankruptcies in the fiscal year ended March 31, 2010, involving approximately ¥7.0 trillion in total liabilities, approximately 11,500 corporate bankruptcies in the fiscal year ended March 31, 2011, involving approximately ¥4.6 trillion in total liabilities, and approximately 11,400 corporate bankruptcies in the fiscal year ended March 31, 2012 involving approximately ¥3.9 trillion in total liabilities. The number of corporate bankruptcies decreased from a year earlier for the third consecutive year, and the amount of total liabilities marked the lowest level in the past ten years.

According to the Tokyo Stock Exchange, or the TSE, the aggregate ordinary profits and net income of all companies listed on the TSE with a March 31 fiscal year end, excluding financial institutions and companies newly listed during the relevant fiscal year, increased from ¥17.1 trillion and ¥7.5 trillion, respectively, for the fiscal year ended March 31, 2010, to ¥26.3 trillion and ¥12.0 trillion, respectively, for the fiscal year ended March 31, 2011, and decreased to ¥22.1 trillion and ¥8.9 trillion, respectively, for the fiscal year ended March 31, 2012.

According to the Bank of Japan, total financial assets of households increased from ¥1,491.0 trillion as of March 31, 2010 to ¥1,502.2 trillion as of March 31, 2011 and increased to ¥1,513.4 trillion as of March 31, 2012. The following chart shows the amount of total financial assets of households and breakdown based on type of financial asset as of the ends of the first quarter of 2008 through the first quarter of 2012:

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The Nikkei Stock Average, which is an average of the price of 225 stocks listed on the Tokyo Stock Exchange, increased by 36.8% to ¥11,089.94 during the fiscal year ended March 31, 2010, but decreased by 12.0% to ¥9,755.10 during the fiscal year ended March 31, 2011, followed by a 3.4% increase to ¥10,083.56 during the fiscal year ended March 31, 2012. Thereafter, the Nikkei Stock Average decreased to ¥9,006.78 as of June 29, 2012. The following chart shows the daily closing price of the Nikkei Stock Average from January 2009 to June 2012:

The Japanese yen to U.S. dollar spot exchange rate, according to the Bank of Japan, was ¥93.27 to $1.00 as of March 31, 2010, ¥82.84 to $1.00 as of March 31, 2011 and ¥82.17 to $1.00 as of March 30, 2012. Thereafter, the yen strengthened to ¥79.61 to $1.00 as of June 29, 2012. The following chart shows the yen/dollar spot rate of 5 p.m. Tokyo time published by the Bank of Japan from January 2009 to June 2012:

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According to the Ministry of Land, Infrastructure, Transport and Tourism of Japan, housing starts in Japan increased by 0.3% in the fiscal year ended March 31, 2009, decreased by 25.4% in the fiscal year ended March 31, 2010 and increased by 5.6% and 2.7% in the fiscal years ended March 31, 2011 and 2012, respectively.

According to the Ministry of Land, Infrastructure, Transport and Tourism, the average published land prices in Japan rose by 0.1% during calendar year 2006, which was the first increase in 16 years, and rose again by 1.3% during calendar year 2007, but decreased by 3.2%, 4.2%, 2.7%, and 2.3% during calendar years 2008, 2009, 2010 and 2011, respectively.

Capital Improvements

All yen figures in this subsection are truncated. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

We have been implementing disciplined capital management by pursing the optimal balance between strengthening of stable capital base and steady returns to shareholders.

Strengthening of Our Stable Capital Base

Since April 2011, we have made redemptions of various securities that qualify as Tier 1 and Tier 2 capital upon the arrival of their respective early optional redemption dates. In June 2011 and June 2012, we redeemed 500 million and ¥171 billion of non-dilutive Tier 1 preferred securities that were issued by our overseas special purpose companies in March 2006 and February 2002, respectively. With respect to Tier 2 capital, in December 2011, we redeemed ¥77 billion of dated subordinated bonds that were issued by Mizuho Bank in December 2008, and in March 2012, we redeemed ¥123 billion of dated subordinated bonds that were issued by Mizuho Corporate Bank in March 2009.

During the same period we issued subordinated bonds as set forth below which more than offsets the amount of Tier 2 capital that we redeemed. Through public offerings to wholesale investors in Japan, Mizuho Bank issued ¥65 billion and ¥47 billion of dated subordinated bonds in September 2011 and June 2012, respectively, and Mizuho Corporate Bank issued ¥42 billion of dated subordinated bonds in October 2011. Through public offering to retail investors in Japan, Mizuho Bank issued ¥63 billion of dated subordinated bonds in February 2012. In July 2012, our overseas special purpose company issued $1.5 billion of dated subordinated bonds.

Regarding the new capital regulations under Basel III, we aim to increase our common equity capital ratio (under Basel III) as of March 31, 2013, which is when the new capital regulations are scheduled to be initially implemented, to the mid-8% level. The foregoing target is based on a calculation of our common equity capital ratio that includes the outstanding balance of the eleventh series class XI preferred stock (¥373.6 billion as of March 31, 2012) that will become mandatorily converted into common stock in, and will be fully and formally recognized as common equity capital by, July 2016 and is otherwise based on publicly-available materials that have been issued so far. Also, we aim to accumulate a sufficient level of common equity capital as the ratio requirements increase through March 31, 2019 pursuant to their phase-in implementation.

The foregoing statements include forward-looking statements and are subject to risks, uncertainties and assumptions. See Forward-looking Statements and Item 3.D. Key Information Risk Factors.

Steady Returns to Shareholders

We paid cash dividends with respect to the fiscal year ended March 31, 2012 of ¥6 per share of common stock (including interim dividend payments of ¥3), unchanged from those in the previous fiscal year.

We started to make interim cash dividend payments from the fiscal year ended March 31, 2012, in order to provide returns to shareholders at a more appropriate timing.

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Business Trends

Based on our current operating environment and management focus, we believe that the trends that are most significant to our current and future results of operations include the following:

Loans and Deposits

Loan volume

Our total loan balance increased on a year-on-year basis in the fiscal year ended March 31, 2012 due mainly to an increase in overseas loans, particularly in Asia. The increase was offset in part by a decrease in domestic loans due mainly to decreases in almost all of the industries, while the pace of the decline in the domestic loan balance slowed during the fiscal year ended March 31, 2012 compared to the previous fiscal year.

Margins between loans and deposits

In response to the weakening economic environment, the Bank of Japan announced a reduction of its target for the uncollateralized overnight call rate from 0.5% to 0.3% in October 2008, to 0.1% in December 2008 and to around 0 to 0.1% in October 2010. Reflecting these reductions, the average yield on domestic loans decreased from 1.40% in the fiscal year ended March 31, 2011 to 1.31% in the fiscal year ended March 31, 2012, and the average rate on domestic interest-bearing deposits decreased from 0.13% to 0.09%. The difference between the decrease of 0.09% in average yield on domestic loans and the decrease of 0.04% in the average rate on domestic interest-bearing deposits was not significant.

Provision (credit) for loan losses

Credit for loan losses was ¥23 billion in the fiscal year ended March 31, 2012, an improvement of ¥24 billion from a provision for loan losses of ¥1 billion in the previous fiscal year. The credit for loan losses was due mainly to upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, the effect of which was enhanced against a backdrop of the improving domestic economic environment as described in Overview Operating Environment, reflecting the continuing gradual recovery of the Japanese economy. The amount of provision for loan losses in future fiscal years will depend largely on trends in the credit quality of borrowers, which in turn will be affected by the domestic and global economic environment and other factors, and changes in the value of collateral on our loans. If worldwide demand for Japanese products and services declines or if the Japanese and global economy worsens, including due to effects stemming from the Great East Japan Earthquake, there can be no assurance that the amount of provision for loan losses will not increase in future periods due to declines in the credit quality of our customers both in and outside of Japan.

Fees and Commissions

For the fiscal year ended March 31, 2011, fees and commissions have remained almost flat compared to the fiscal year ended March 31, 2010. Despite unstable market conditions, sales of investment products to retail customers have increased and led to an increase in fees and commissions related to investment trusts and individual annuities in the fiscal year ended March 31, 2011. For the fiscal year ended March 31, 2012, there was a slight decrease in fees and commissions as compared to the previous fiscal year due mainly to a decline in commissions such as brokerage commissions and underwriting and selling fees at Mizuho Securities caused by the downturn in the stock market, offset in part by an increase in non-interest income from overseas business, income associated with sales of investment trusts and individual annuities to individual customers and solution-related income from corporate customers.

Debt and Equity Securities Portfolio

The amount of our funding through deposits significantly exceeds our total loans. As a result, we allocate a significant portion of such excess among investments in debt securities, including Japanese government bonds and investments in equity securities consisting mainly of common stock of Japanese listed company customers. We also hold some credit and alternative investments for the purpose of diversifying our risks and to expand our income sources.

Increases in long-term interest rates generally lead to a decline in the fair value of our portfolio of debt securities, a vast majority of which consists of Japanese government bonds. As of March 31, 2012, we had a total of ¥38,467 billion of available-for-sale debt securities within our investments, of which ¥32,647 billion was Japanese government bonds. Changes in fair value of such available-for-sale debt securities are reflected in accumulated other comprehensive income, net of tax in equity or, in the case of other-than-temporary impairments, charged to income as an impairment loss. We had ¥35,716 billion and ¥38,467 billion of available-for-sale debt securities as of March 31, 2011 and 2012, respectively, and unrealized losses of ¥40 billion and unrealized gains of ¥62 billion were reflected in accumulated other comprehensive income, net of tax as of such dates, respectively. We earned investment gains related to bonds of ¥67 billion in the fiscal year ended March 31, 2011 and ¥42 billion in the fiscal year ended March 31, 2012. The decrease in investment gains related to bonds was due mainly to a decrease in gains related to sales of long-term Japanese government bonds.

Because the size of our portfolio of marketable equity securities is substantial, we are subject to significant equity market risk, as increases in unrealized gains and losses related to changes in the fair value of available-for-sale marketable equity securities are reflected in accumulated other comprehensive income, net of tax in equity or, in the case of other-than-temporary impairments to fair value, charged to income as an impairment loss. As of March 31, 2009, 2010, 2011 and 2012, we recorded net unrealized gains related to marketable equity securities of ¥633 billion, ¥1,277 billion, ¥914 billion and ¥960 billion, respectively, in accumulated other comprehensive income, net of tax in equity. For the fiscal year ended March 31, 2009, impairment losses on available-for-sale securities were ¥462.9 billion, most of which was attributable to marketable equity securities, due mainly to the decline in the stock markets in and outside of Japan in connection with the turmoil in the global economic downturn. For the fiscal year ended March 31, 2010, impairment losses on available-for-sale securities were ¥92.5 billion, and most of this amount was attributable to marketable equity securities. The decrease in impairment losses on equity securities was due mainly to a recovery of the stock markets during the fiscal year ended March 31, 2010. For the fiscal years ended March 31, 2011 and 2012, impairment losses on available-for-sale securities were ¥77.0 billion and ¥117.0 billion, respectively, of which impairment losses on marketable equity securities were ¥64.6 billion and ¥109.8 billion, respectively. Although we expect the size of our portfolio of marketable equity securities to continue to be significant, we will continue to make efforts to reduce our holdings. In May 2010, we set forth a target to reduce our equity portfolio by ¥1 trillion (under Japanese GAAP) prior to March 31, 2013 compared with the balance as of March 31, 2010 on an acquisition cost basis under our Medium-term Management Policy named the Transformation Program for the three fiscal years ending March 31, 2013. From April 2010 to March 2012, we reduced our equity holdings by approximately ¥204 billion on a cumulative basis (under Japanese GAAP). In addition, we have obtained prior consent from corporate customers to sell their shares totaling approximately ¥215 billion as of the end of March 2012. While current market conditions are not favorable and there is not significant time left before March 31, 2013, we will continue to endeavor to meet our target. See Item 4.B. Information on the Company Business Overview The Transformation Program (Aiming at Sustainable Growth).

Costs and Expenses

In the fiscal year ended March 31, 2012, salaries and employee benefits increased by ¥34 billion from the previous fiscal year to ¥587 billion due mainly to the effect of increased employee retirement benefit expenses as a result of a decline in expected return on plan assets, which reflects various aspects of long-term prospects for the economy, historical performance of investments of plan assets and the market environment, including stock market conditions, at the beginning of the fiscal year, an increase in the amortization of net actuarial loss, which primarily reflects past declines in the value of plan assets, and a premium allowance for voluntary early retirement program of a securities subsidiary. General and administrative expenses decreased by ¥23 billion, and occupancy expenses increased by ¥5 billion, respectively. We plan to continue our efforts to reduce general and administrative expenses and occupancy expenses through detailed reviews for the entire group. See Item 4.B. Information on the Company Business Overview The Transformation Program (Aiming at Sustainable Growth).

Others

The Impact of the Great East Japan Earthquake

On March 11, 2011, a magnitude 9.0 earthquake followed by large tsunamis caused catastrophic losses of life and property mainly in the Tohoku region of Japan. Nuclear power facilities in Fukushima were severely damaged by the earthquake and tsunamis which led to environmental contamination by radioactive materials originating from the damaged facilities. In August 2011, legislation regarding a compensation scheme for damages related to the nuclear accidents, including a supporting scheme for electric utilities that are subject to damage claims related to nuclear accidents, was enacted. The Nuclear Damage Liability Facilitation Fund was established in September 2011 as part of the compensation scheme, and the urgent special business plan prepared pursuant to such legislation by the Nuclear Damage Liability Facilitation Fund and the electric utility that was significantly affected by the disaster was approved by the government in November 2011 and amended in February 2012. The plan included a request for financial support by the Nuclear Damage Liability Facilitation Fund for the then estimated damage amount of ¥1.7 trillion to be compensated by such electric utility as well as a request for all lenders to maintain their outstanding loan balance to such electric utility as of the time of approval of the plan until the approval of the comprehensive special business plan. In May 2012, the comprehensive special business plan was approved by the government. The plan includes measures for strengthening the financial base, based on the current estimated damage amount of ¥2.5 trillion, including a capital injection of ¥1 trillion by the Nuclear Damage Liability Facilitation Fund, which will give it more than 50% of the total voting rights, with conversion rights to acquire additional voting shares to hold more than two-thirds of the total voting rights, as well as new additional loans from its major lenders (including us) totaling ¥1 trillion. Also, it contains measures to improve profitability such as raising electricity rates and cost reduction. The plan was formulated on the assumption that a number of nuclear power facilities will resume their operations in phases.

We did not suffer any losses of employees and suffered only minimal property damage as a result of the earthquake, and the negative impact of the disaster on our financial results for the fiscal year ended March 31, 2012, which was primarily an increase in credit costs, was limited.

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Exposure to Troubled European Economies

In Europe, fiscal problems in certain countries are affecting the financial system and the real economy, and the uncertainty concerning European economic activity has clearly become significant and presents a risk of a downturn in the world economy. These countries include Greece, Ireland, Italy, Portugal and Spain. As of March 31, 2012, our exposure to obligors in such countries was not significant. Specifically, our principal banking subsidiaries had no holdings of sovereign debt issued by these countries and a total of approximately $3.8 billion in exposure to obligors in such countries. The breakdown by country was as follows:

	As of September 30, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of US dollars)		
Greece	$ 0.1	$ 0.1	$ 0.0
Ireland	0.7	0.4	(0.3)
Italy(2)	1.2	1.5	0.3
Portugal	0.4	0.4	0.0
Spain(2)	1.8	1.4	(0.4)
Total	4.2	3.8	(0.4)

Notes:

(1) Figures on the above table are on a managerial accounting basis.
(2) The obligors in Italy and Spain to which we had exposure consist mainly of highly rated large corporations.
(3) Our exposure to financial institutions that are not state-owned is minimal.

Financial Alternative Dispute Resolution (ADR) Related to Customers Losses on Derivatives

After several years of increasing complaints concerning financial instruments, the Financial Services Agency introduced a new financial alternative dispute resolution system in October 2010. In the same month, we entered into an agreement with the Japan Bankers Association, a designated dispute resolution institution, in order to deal expeditiously, fairly and appropriately with our customers complaints. In the fiscal year ended March 31, 2012, Mizuho Bank incurred losses related to financial alternative dispute resolutions in relation to customer complaints arising from currency derivative transactions, consisting of ¥20 billion in write-offs made and ¥13 billion in accrual of liabilities related to future write-offs.

Turning Mizuho Trust & Banking, Mizuho Securities and Mizuho Investors Securities into Wholly-owned Subsidiaries

In March 2011, we announced the basic policies for turning Mizuho Trust & Banking, Mizuho Securities and Mizuho Investors Securities into wholly-owned subsidiaries (collectively, the transactions) and signed a memorandum of understanding for further consideration and discussion of the details, including the method of the transactions. In April 2011, we and the relevant subsidiaries determined, at their respective meetings of the board of directors, to conduct the transactions by means of a share exchange and signed a share exchange agreement pursuant to the memorandum of understanding. We conducted each share exchange in September 2011. In connection with the transactions, we issued approximately 2,109 million new shares of common stock for use as consideration for the subsidiaries stock. The transactions turned the three subsidiaries mentioned above, in which the group respectively had 69.85%, 59.20% and 53.98% interests immediately prior to the transactions, into wholly-owned subsidiaries, and this resulted in a decline in leakage of net income (loss) due to noncontrolling interests in consolidated subsidiaries compared to the fiscal year ended March 31, 2011 because the second half of the fiscal year ended March 31, 2012 reflected the increase in ownership percentage. For further information on the impact of the share exchange transactions on our financial condition, see note 16 to our consolidated financial statements included elsewhere in this report.

In September 2011, The Norinchukin Bank, Mizuho Corporate Bank and Mizuho Securities entered into definitive agreements that expand areas of business cooperation, further enhance a collaborative relationship

between Mizuho Securities and The Norinchukin Bank and maintain the capital relationship between Mizuho Securities and The Norinchukin Bank that existed before Mizuho Securities became a wholly-owned subsidiary. In accordance with such agreements, Mizuho Corporate Bank transferred to The Norinchukin Bank 5.34% of the outstanding shares of common stock of Mizuho Securities.

Japanese Tax Reforms

In December 2011, the Japanese government promulgated a package of tax reforms that included the reducing of the effective corporate tax rate by approximately 5% and the imposition of a new limitation on net operating loss carryforwards. Separately, a law was promulgated that imposes an additional corporate tax during a three-year period to secure funds for reconstruction after the Great East Japan Earthquake that effectively offsets a portion of the foregoing tax reduction. The negative impact of the tax reforms on net income was ¥107.0 billion for the fiscal year ended March 31, 2012 due to the negative impact on our recognition of deferred tax assets.

Critical Accounting Estimates

Note 1 to our consolidated financial statements included elsewhere in this annual report contains a summary of our significant accounting policies. These accounting policies are essential to understanding our financial condition and results of operations. Certain of these accounting policies require management to make critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates are based on information available to us as of the date of the financial statements and could change from period to period. Critical accounting estimates could also involve estimates for which management could have reasonably used another estimate for the relevant accounting period. The use of different estimates could have a material impact on our financial condition and results of operations. The following is a discussion of significant accounting policies for which critical accounting estimates are used.

Allowance for Loan Losses and Allowance for Losses on Off-Balance-Sheet Instruments

The allowance for loan losses is based on management s estimate of probable credit losses existing in our lending portfolio, and the allowance for losses on off-balance-sheet instruments is based on management s estimate of probable losses related to off-balance-sheet arrangements such as guarantees and commitments to extend credit.

The allowance for loan losses is categorized and evaluated using the following methods:

Allowance based on ASC 310. In accordance with ASC 310, Receivables (ASC 310), we measure the value of specifically identified impaired loans based on the expected cash flows discounted at the loans initial effective interest rates, or as a practical expedient, using the observable market prices or the fair value of collateral if the loan is collateral dependent, when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. The collateral that we obtain for loans consists primarily of real estate or listed securities. In obtaining the collateral, we evaluate the value of the collateral and its legal enforceability, and we also conduct subsequent re-evaluations at least once a year. As to collateral of loans that are collateral dependent, in the case of real estate, valuation is generally conducted by an appraising subsidiary that is independent from our loan origination sections using generally accepted valuation techniques such as (i) the replacement cost approach, (ii) the sales comparison approach or (iii) the income approach, although in the case of large real estate collateral, we generally retain third-party appraisers to conduct the valuation. In the case of securities, such securities are typically those of listed companies and are thus valued using observable market prices. Management identifies impaired loans through the credit quality review process, in which the debtor s ability to service its debt is assessed. The difference between our evaluation of the value of the impaired loan and its principal amount is the amount of the impairment which is recorded in the allowance for loan losses. Estimation of future cash flows is based on a comprehensive analysis of the borrower s ability to service the debt, any progress made on the borrower s rehabilitation program and the assumptions used therein.

Allowance based on ASC 450. In accordance with ASC 450, Contingencies (ASC 450), a formula-based allowance utilizing historical loss factors is applied to certain impaired loans which are aggregated for purposes of measuring impairment, groups of small balance, homogeneous loans and other non-homogeneous loans which have not been identified as impaired. The determination of expected losses is based on a statistical analysis of our historical default and loan loss data, as well as data from third-party sources. The estimation of the formula allowance is back-tested on a periodic basis by comparing the allowance with the actual results subsequent to the balance sheet date.

Adjustment of ASC 450 Allowance. In addition to the allowance for loan losses based on historical loss factors, the historical loss rate is adjusted, where appropriate, to reflect current factors, such as general economic and business conditions affecting key lending areas, credit quality trends, specific industry conditions and recent loss experience in the segments of the loan portfolio. For loans which are not deemed to be impaired under ASC 310 but to which special isolated risks apply, management assesses each loan individually to determine appropriate allowance amounts in lieu of mechanically applying the ASC 450 formula-based allowance.

We assess probable loss amounts for guarantees using the same categories and evaluation methods as loans. We similarly assess probable loss amounts for loan commitments, taking into account the probability of drawdowns.

The determination of the allowance for loan losses and the allowance for losses on off-balance-sheet instruments requires a great deal of judgment and the use of estimates as discussed above. Furthermore, information available at the time of the determination is limited, and it is not possible to eliminate uncertainty. Significant changes in any of the factors underlying our determination of the allowances could materially affect our financial condition and results of operations. For example, if our current judgment with respect to expected future cash flows differs from actual results, including as a result of an unexpected adverse change in the economic environment in Japan or a sudden and unanticipated failure of a large borrower, or if the value of collateral declines, we may need to increase the allowances with additional charges to earnings.

Valuation of Financial Instruments

ASC 820, Fair Value Measurement (ASC 820) specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The standard describes the following three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments. If no quoted market price is available, the fair values of debt securities and over-the-counter derivative contracts in this category are determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques.

For assets and liabilities classified in Level 1 and 2 of the hierarchy, where inputs are principally based on observable market data, there is less judgment or estimate in determining fair value, while the determination of fair value of Level 3 assets and liabilities involves more significant management judgments and estimates. For further information, including valuation methodologies and the use of management estimates and judgments in connection therewith, see note 29 to the consolidated financial statements included elsewhere in this annual report.

Valuation of Deferred Income Taxes

Deferred income taxes reflect the net tax effects of (1) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (2) operating loss and tax credit carryforwards. Pursuant to ASC 740, Income Taxes (ASC 740), a valuation allowance is recognized for any portion of the deferred tax assets where it is considered more likely than not that it will not be realized, based on projected future income and future reversals of existing taxable temporary differences. Because we have not opted to be subject to consolidated taxation, deferred tax assets and liabilities are calculated separately for each member of our consolidated group.

The determination of a valuation allowance is an inherently uncertain process due to the use of projected future taxable income and subjective assessments in the effectiveness of our available tax planning strategies provided for under ASC 740. For example, variances in future projected operating performance or tax law changes that impact our tax planning strategies could result in a change in the valuation allowance. If we are not able to realize all or part of our net deferred tax assets in the future, an adjustment to our valuation allowance would be charged to income tax expense in the period when such determination is made, and this could materially and adversely affect our financial condition and results of operations.

Pension and Other Employee Benefit Plans

Mizuho Financial Group, its principal banking subsidiaries and certain other subsidiaries sponsor severance indemnities and pension plans, which provide defined benefits to retired employees. Periodic expense and accrued liabilities are computed based on a number of actuarial assumptions, including mortality, withdrawals, discount rates, expected long-term rates of return on plan assets and rates of increase in future compensation levels.

Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore generally affect future pension expenses. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may adversely affect pension expenses in the future.

In estimating the discount rates, we use interest rates on high-quality fixed-income government and corporate bonds that received a rating of AA (Aa) or higher from rating agencies. The durations of such bonds closely match those of the benefit obligations. Assumed discount rates are reevaluated at each measurement date.

The expected rate of return for each asset category is based primarily on various aspects of the long-term prospects for the economy that include historical performance and the market environment.

For further information on our pension and other employee benefits, see note 21 to the consolidated financial statements included elsewhere in this annual report.

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Operating Results

The following table shows certain information as to our income, expenses and net income attributable to MHFG shareholders for the fiscal years ended March 31, 2010, 2011 and 2012:

	Fiscal years ended March 31,		
	2010	2011	2012
	(in billions of yen)		
Interest and dividend income	¥ 1,632	¥ 1,460	¥ 1,437
Interest expense	528	449	416
Net interest income	1,104	1,011	1,021
Provision (credit) for loan losses	222	1	(23)
Net interest income after provision (credit) for loan losses	882	1,010	1,044
Noninterest income	1,331	1,037	1,090
Noninterest expenses	1,526	1,436	1,471
Income before income tax expense (benefit)	687	611	663
Income tax expense (benefit)	(360)	193	14
Net income	1,047	418	649
Less: Net income (loss) attributable to noncontrolling interests	47	5	(7)
Net income attributable to MHFG shareholders	¥ 1,000	¥ 413	¥ 656

Executive Summary

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

Net interest income increased by ¥10 billion, or 1.0%, from the previous fiscal year to ¥1,021 billion in the fiscal year ended March 31, 2012 due to an increase in net foreign interest and dividend income of ¥42 billion offset in part by a decrease in net domestic interest and dividend income of ¥32 billion. The increase in net foreign interest and dividend income was due mainly to an increase in interest income from foreign loans as a result of an increase in the average balances, mainly in Asia, offset in part by an increase in interest expense on foreign deposits as a result of an increase in the average balances, which reflects issuances of certificates of deposit. The decrease in net domestic interest and dividend income was due mainly to a decrease in interest income from domestic loans as a result of the decrease in the average yield, which reflects a decline in yen interest rate levels, and the decrease in the average balance, offset in part by a decrease in interest expense on domestic deposits as a result of decrease in average interest rates, which reflects a decline in yen interest rate levels. We had a credit for loan losses of ¥23 billion in the fiscal year ended March 31, 2012 compared to a provision of ¥1 billion in the previous fiscal year due primarily to upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, the effect of which was enhanced against a backdrop of the improving domestic economic environment.

Noninterest income increased by ¥53 billion, or 5.1%, from the previous fiscal year to ¥1,090 billion in the fiscal year ended March 31, 2012. The increase was due mainly to an increase in trading account gains net of ¥127 billion and an increase in foreign exchange gains net of ¥42 billion offset in part by investment losses net of ¥33 billion in the fiscal year ended March 31, 2012, compared to investment gains net of ¥70 billion in the previous fiscal year. The increase in trading account gains net was due mainly to an increase in gains related to changes in fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected. The increase in foreign exchange gains net was due mainly to fluctuations in foreign exchange rates in the fiscal year ended March 31, 2012. The change in investment gains (losses) net was due mainly to an increase in investment losses related to equity securities and a decrease in investment gains related to bonds. The increase in investment losses related to equity securities was due mainly to an increase in impairment losses on equity securities as a result of declines in market prices. The decrease in investment gains related to bonds was due mainly to a decrease in gains related to sales of long-term Japanese government bonds.

Noninterest expenses increased by ¥35 billion, or 2.4%, from the previous fiscal year to ¥1,471 billion in the fiscal year ended March 31, 2012. The increase was due mainly to an increase in salaries and employee benefits of ¥34 billion and an increase in other noninterest expenses of ¥15 billion, offset in part by a decrease in general and administrative expenses of ¥23 billion. The increase in salaries and employee benefits was due mainly to the effect of increased employee retirement benefit expenses. The increase in other noninterest expenses was due mainly to losses related to financial alternative dispute resolutions in relation to customer complaints arising from currency derivative transactions. The decrease in general and administrative expenses was due mainly to our efforts to enhance our cost efficiency through detailed reviews.

As a result of the foregoing, income before income tax expense (benefit) increased by ¥52 billion, or 8.5%, from the previous fiscal year to ¥663 billion in the fiscal year ended March 31, 2012. Income tax expense decreased by ¥179 billion, or 92.7%, from the previous fiscal year to ¥14 billion in the fiscal year ended March 31, 2012 due mainly to a decrease in deferred income tax expense.

Net income increased by ¥231 billion, or 55.3%, from the previous fiscal year to ¥649 billion in the fiscal year ended March 31, 2012. Income (loss) attributable to noncontrolling interests was a loss of ¥7 billion compared to an income of ¥5 billion in the previous fiscal year. As a result, net income attributable to MHFG shareholders increased by ¥243 billion, or 58.8%, from the previous fiscal year to ¥656 billion in the fiscal year ended March 31, 2012.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

Net interest income decreased by ¥93 billion, or 8.4%, from the previous fiscal year to ¥1,011 billion in the fiscal year ended March 31, 2011 due to a decrease in net domestic interest and dividend income of ¥53 billion and a decrease in net foreign interest and dividend income of ¥40 billion. The decrease in net domestic interest and dividend income was due mainly to a decrease in interest income from domestic loans as a result of the decrease in the average yield, which reflects a decline in yen interest rate levels and the decrease in the average balance, offset in part by a decrease in interest expense on domestic interest-bearing deposits and short-term borrowings as a result of decreases in the average interest rates, which reflect a decline in yen interest rate levels. The decrease in net foreign interest and dividend income was due mainly to decreases in interest income from foreign loans and foreign investments as a result of a decrease in the average yields, offset in part by decreases in interest expense on foreign interest-bearing deposits and long-term debt as a result of decreases in the average interest rates, both of which reflect general declines in U.S. dollar and euro interest rate levels. Provision for loan losses decreased by ¥221 billion, or 99.5%, from the previous fiscal year to ¥1 billion in the fiscal year ended March 31, 2011 due mainly to upgrades in obligor category of some borrowers and other factors, as a result of our appropriate credit management while responding to customers financing needs.

Noninterest income decreased by ¥294 billion, or 22.1%, from the previous fiscal year to ¥1,037 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to a decrease in trading account gains net of ¥216 billion and a decrease in other noninterest income of ¥121 billion. The decrease in trading account gains net was due mainly to the losses incurred by consolidated VIEs, such as stock investment trusts, as a result of a negative change in market conditions, a decrease in gains related to changes in the fair value of derivative financial instruments used to hedge market risks that are not eligible for hedge accounting under U.S. GAAP and a decrease in gains related to changes in fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected. The decrease in other noninterest income was due mainly to the absence of a one-time gain relating to the merger of Mizuho Securities and Shinko Securities recorded in the fiscal year ended March 31, 2010.

Noninterest expenses decreased by ¥90 billion, or 5.9%, from the previous fiscal year to ¥1,436 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to a decrease in other noninterest expenses of

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¥93 billion and a decrease in salaries and employee benefits of ¥39 billion offset in part by a provision for losses on off-balance-sheet instruments of ¥4 billion compared to a credit for losses on off-balance-sheet instruments of ¥24 billion in the previous fiscal year. The decrease in other noninterest expenses was due mainly to a decrease in net losses on the credit derivatives used by our banking subsidiaries to hedge credit risk of loans. The decrease in salaries and employee benefits was due mainly to the effect of decreased employee retirement benefit expenses as a result of an increase in expected return on plan assets, which reflects various aspects of long-term prospects for the economy, historical performance of investments of plan assets and the market environment, including stock market conditions, at the beginning of the fiscal year, and a decrease in the amortization of net actuarial loss, which primarily reflects past increases in the value of plan assets. The change in provision (credit) for losses on off-balance-sheet instruments was due mainly to an increase in allowance for losses on off-balance-sheet transactions primarily as a result of downgrades in credit ratings of some obligors.

As a result of the foregoing, income before income tax expense (benefit) decreased by ¥76 billion, or 11.1% from the previous fiscal year to ¥611 billion in the fiscal year ended March 31, 2011. We had an income tax expense of ¥193 billion in the fiscal year ended March 31, 2011 compared to an income tax benefit of ¥360 billion in the fiscal year ended March 31, 2010. The expense was the result of a decrease in deferred tax assets.

Net income decreased by ¥629 billion, or 60.1%, from the previous fiscal year to ¥418 billion in the fiscal year ended March 31, 2011. Net income attributable to noncontrolling interests decreased by ¥42 billion, or 89.4%, from the previous fiscal year to ¥5 billion in the fiscal year ended March 31, 2011. As a result, net income attributable to MHFG shareholders decreased by ¥587 billion, or 58.7%, from the previous fiscal year to ¥413 billion in the fiscal year ended March 31, 2011.

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Net Interest Income

The following table shows the average balance of interest-earning assets and interest-bearing liabilities, interest amounts and the average interest rates on such assets and liabilities for the fiscal years ended March 31, 2010, 2011 and 2012:

	Fiscal years ended March 31,								
	2010			2011			2012		
	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate
	(in billions of yen, except percentages)								
Domestic:									
Interest-bearing deposits in other banks	¥ 176	¥ 1	0.56%	¥ 371	¥ 1	0.27%	¥ 1,822	¥ 2	0.13%
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	5,712	10	0.17	6,264	10	0.16	6,122	11	0.17
Trading account assets	7,561	37	0.49	8,981	33	0.37	8,884	25	0.28
Investments	33,275	229	0.69	36,967	214	0.58	39,529	206	0.52
Loans	57,074	864	1.51	54,287	759	1.40	53,770	707	1.31
Total interest-earning assets	103,798	1,141	1.10	106,870	1,017	0.95	110,127	951	0.86
Deposits	66,946	137	0.21	68,060	86	0.13	68,474	64	0.09
Debentures	1,938	12	0.62	1,150	7	0.57	86	0	0.45
Short-term borrowings(1)	23,775	48	0.20	22,270	37	0.17	25,591	43	0.17
Trading account liabilities	3,099	10	0.33	4,183	14	0.34	3,833	14	0.38
Long-term debt	6,972	194	2.79	8,129	186	2.29	8,172	175	2.13
Total interest-bearing liabilities	102,730	401	0.39	103,792	330	0.32	106,156	296	0.28
Net	1,068	740	0.71	3,078	687	0.63	3,971	655	0.58
Foreign:									
Interest-bearing deposits in other banks	1,992	8	0.41	1,643	8	0.46	3,509	17	0.46
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	8,412	38	0.45	8,772	44	0.50	9,082	35	0.39
Trading account assets	7,669	167	2.18	7,848	170	2.17	8,855	168	1.91
Investments	2,335	49	2.10	1,663	34	2.04	1,639	36	2.18
Loans	10,206	229	2.25	9,297	187	2.01	11,334	230	2.03
Total interest-earning assets	30,614	491	1.61	29,223	443	1.51	34,419	486	1.41
Deposits	7,794	58	0.74	8,048	48	0.60	9,878	67	0.68
Short-term borrowings(1)	11,600	34	0.30	12,312	49	0.40	13,248	34	0.25
Trading account liabilities	871	21	2.36	900	17	1.91	892	14	1.58
Long-term debt	842	14	1.63	482	5	0.95	650	5	0.84
Total interest-bearing liabilities	21,107	127	0.60	21,742	119	0.55	24,668	120	0.49

Net	9,507	364	1.01	7,481	324	0.96	9,751	366	0.92
Total:									
Total interest-earning assets	134,412	1,632	1.21	136,093	1,460	1.07	144,546	1,437	0.99
Total interest-bearing liabilities	123,837	528	0.43	125,534	449	0.36	130,824	416	0.32
Net	¥ 10,575	¥ 1,104	0.78	¥ 10,559	¥ 1,011	0.71	¥ 13,722	¥ 1,021	0.67

Note:

(1) Short-term borrowings consist of due to trust accounts, call money and funds purchased, payables under repurchase agreements and securities lending transactions, commercial paper and other short-term borrowings.

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Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

Interest and dividend income decreased by ¥23 billion, or 1.6%, from the previous fiscal year to ¥1,437 billion in the fiscal year ended March 31, 2012. Domestic interest and dividend income accounted for ¥951 billion of the total amount, a decrease of ¥66 billion from the previous fiscal year, and foreign interest and dividend income accounted for ¥486 billion, an increase of ¥43 billion from the previous fiscal year.

The decrease in domestic interest and dividend income was due mainly to the decrease in interest income from domestic loans. The decrease in interest income from domestic loans was due mainly to the decrease in the average yield, reflecting a decline in yen interest rate levels as well as the decrease in the average balance. Changes in the average yields on domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥74 billion, and changes in the average balances of domestic interest-earning assets contributed to an overall increase in interest and dividend income of ¥8 billion, resulting in the ¥66 billion decrease in domestic interest and dividend income.

The increase in foreign interest and dividend income was due mainly to the increase in interest from foreign loans. The increase in interest income from foreign loans was due mainly to an increase in the average balance, mainly in Asia. Changes in the average yields on foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥26 billion, and changes in the average balances of foreign interest-earning assets contributed to an overall increase in interest and dividend income of ¥69 billion, resulting in the ¥43 billion increase in foreign interest and dividend income.

Interest expense decreased by ¥33 billion, or 7.3%, from the previous fiscal year to ¥416 billion in the fiscal year ended March 31, 2012. Domestic interest expense accounted for ¥296 billion of the total amount, a decrease of ¥34 billion from the previous fiscal year, and foreign interest expense accounted for ¥120 billion of the total amount, an increase of ¥1 billion from the previous fiscal year.

The decrease in domestic interest expense was due mainly to a decrease in interest expense on domestic deposits. The decrease in interest expense on domestic deposits was due to a decrease in the average interest rate, reflecting a decline in yen interest rate levels. The changes in the average interest rates on domestic interest-bearing liabilities contributed to an overall decrease in interest expense of ¥35 billion, and the changes in the average balances of domestic interest-bearing liabilities contributed to an overall increase in interest expense of ¥1 billion, resulting in the ¥34 billion decrease in domestic interest expense.

The increase in foreign interest expense was due mainly to increases in interest expense on foreign deposits offset in part by a decrease in interest expense on foreign short-term borrowings. The increase in foreign interest expense on foreign deposits was due mainly to an increase in the average balance, primarily as a result of issuances of certificates of deposits. The decrease in foreign interest expense on foreign short-term borrowings was due to a decrease in the average interest rate, reflecting the decline in U.S. dollar and euro interest rate levels. The changes in the average interest rates on foreign interest-bearing liabilities contributed to an overall decrease in interest expense of ¥15 billion, and the changes in the average balances of foreign interest-bearing liabilities contributed to an overall increase in interest expense of ¥16 billion, resulting in the ¥1 billion increase in foreign interest expense.

The decrease of 0.05% in the average yield on loans in the fiscal year ended March 31, 2012 compared to the fiscal year ended March 31, 2011 was larger than the decrease of 0.01% in the average rate on interest-bearing deposits over the same period.

As a result of the foregoing, net interest income increased by ¥10 billion, or 1.0%, from the previous fiscal year to ¥1,021 billion. The average interest rate spread decreased by 0.04% to 0.67%, with the domestic average interest rate spread decreasing by 0.05% due mainly to a decrease in the average yield on loans, which more than offset the effect of a decrease in the average interest rate on deposits, both of which reflect declining yen interest rate levels, and the foreign average interest rate spread decreasing by 0.04% due mainly to the effect of the decrease in the average interest yield on interest-earning assets exceeding the effect of the decrease in the average rate on interest-bearing liabilities, both of which reflects declining U.S. dollar and euro interest rate levels.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

Interest and dividend income decreased by ¥172 billion, or 10.5%, from the previous fiscal year to ¥1,460 billion in the fiscal year ended March 31, 2011. Domestic interest and dividend income accounted for ¥1,017 billion of the total amount, a decrease of ¥124 billion from the previous fiscal year, and foreign interest and dividend income accounted for ¥443 billion, a decrease of ¥48 billion from the previous fiscal year.

The decrease in domestic interest and dividend income was due mainly to the decrease in interest income from domestic loans. The decrease in interest income from domestic loans was due mainly to the decrease in the average yield, reflecting a decline in yen interest rate levels, and the decrease in the average balance. Changes in the average yields on domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥110 billion, and changes in the average balances of domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥14 billion, resulting in the ¥124 billion decrease in domestic interest and dividend income.

The decrease in foreign interest and dividend income was due mainly to decreases in interest from foreign loans and foreign investments. The decreases in interest income from foreign loans and foreign investments were due mainly to a decrease in the average yields, reflecting general declines in U.S. dollar and euro interest rate levels. Changes in the average yields on foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥20 billion, and changes in the average balances of foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥28 billion, resulting in the ¥48 billion decrease in foreign interest and dividend income.

Interest expense decreased by ¥79 billion, or 15.0%, from the previous fiscal year to ¥449 billion in the fiscal year ended March 31, 2011. Domestic interest expense accounted for ¥330 billion of the total amount, a decrease of ¥71 billion from the previous fiscal year, and foreign interest expense accounted for ¥119 billion of the total amount, a decrease of ¥8 billion from the previous fiscal year.

The decrease in domestic interest expense was due mainly to decreases in interest expense on domestic interest-bearing deposits and short-term borrowings. The decreases in interest expense on domestic interest-bearing deposits and short-term borrowings were due mainly to decreases in the average interest rates, reflecting a decline in yen interest rate levels. The changes in the average interest rates on domestic interest-bearing liabilities contributed to an overall decrease in interest expense of ¥96 billion, and the changes in the average balances of domestic interest-bearing liabilities contributed to an overall increase in interest expense of ¥25 billion, resulting in the ¥71 billion decrease in domestic interest expense.

The decrease in foreign interest expense was due mainly to decreases in interest expense on foreign interest-bearing deposits and long-term debt. These decreases were due mainly to decreases in the average interest rates, reflecting general declines in U.S. dollar and euro interest rate levels. The changes in the average interest rates on foreign interest-bearing liabilities contributed to an overall decrease in interest expense of ¥9 billion, and the changes in the average balances of foreign interest-bearing liabilities contributed to an overall increase in interest expense of ¥1 billion, resulting in the ¥8 billion decrease in foreign interest expense.

The decrease of 0.14% in the average yield on loans in the fiscal year ended March 31, 2011 compared to the fiscal year ended March 31, 2010 was larger than the decrease of 0.08% in the average rate on interest-bearing deposits over the same period. Taking into account only domestic loans and domestic deposits, the difference between the decrease of 0.11% in the average yield on domestic loans and the decrease of 0.08% in the average rate on domestic interest-bearing deposits was not significant.

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As a result of the foregoing, net interest income decreased by ¥93 billion, or 8.4%, from the previous fiscal year to ¥1,011 billion. The average interest rate spread decreased by 0.07% to 0.71%, with the domestic average interest rate spread decreasing by 0.08% due mainly to a decrease in the average yield on loans, which more than offset the effect of a decrease in the average interest rate on deposits, both of which reflect declining yen interest rate levels, and the foreign average interest rate spread decreasing by 0.05% due mainly to the effect of the decrease in the average yield on loans exceeding the effect of the decrease in the average interest rate on deposits, both of which reflects declining U.S. dollar and euro interest rate levels.

Provision (Credit) for Loan Losses

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

We had a credit for loan losses of ¥23 billion in the fiscal year ended March 31, 2012 compared to a provision for loan losses of ¥1 billion in the previous fiscal year. The change was due primarily to upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, the effect of which was enhanced against a backdrop of the improving domestic economic environment as described in Overview Operating Environment, reflecting the continuing gradual recovery of the Japanese economy. See Financial Condition Assets Allowance for Loan Losses Provision for loan losses.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

Provision for loan losses decreased by ¥221 billion, or 99.5%, from the previous fiscal year to ¥1 billion in the fiscal year ended March 31, 2011. The decrease was due primarily to upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, the effect of which was enhanced against a backdrop of the improving domestic economic environment as described in Overview Operating Environment, reflecting the gradual recovery of the Japanese economy from the effects of the global economic crisis stemming from the U.S. subprime problems.

Noninterest Income

The following table shows a breakdown of noninterest income for the fiscal years ended March 31, 2010, 2011 and 2012:

	Fiscal years ended March 31,		
	2010	**2011**	**2012**
	(in billions of yen)		
Fees and commissions	¥ 586	¥ 582	¥ 575
Fees and commissions from securities-related business	115	126	116
Fees and commissions from remittance business	105	105	105
Fees and commissions from deposits, debentures and lending business	95	95	98
Trust fees	49	47	46
Fees for other customer services	222	209	210
Foreign exchange gains (losses) net	(2)	56	98
Trading account gains (losses) net	422	206	333
Investment gains (losses) net	67	70	(33)
Investment gains (losses) related to bonds	(2)	67	42
Investment gains (losses) related to equity securities	55	(12)	(65)
Others	14	15	(10)
Gains on disposal of premises and equipment	28	14	20
Other noninterest income	230	109	97
Total noninterest income	¥ 1,331	¥ 1,037	¥ 1,090

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

Noninterest income increased by ¥53 billion, or 5.1%, from the previous fiscal year to ¥1,090 billion in the fiscal year ended March 31, 2012. The increase was due mainly to an increase in trading account gains net of ¥127 billion and an increase in foreign exchange gains net of ¥42 billion, offset in part by investment losses net of ¥33 billion in the fiscal year ended March 31, 2012, compared to investment gains net of ¥70 billion in the previous fiscal year.

Foreign exchange gains (losses) net

Foreign exchange gains net increased by ¥42 billion, or 75.0%, from the previous fiscal year to ¥98 billion in the fiscal year ended March 31, 2012. The increase was due mainly to fluctuations in foreign exchange rates in the fiscal year ended March 31, 2012.

Trading account gains (losses) net

Trading account gains net increased by ¥127 billion, or 61.7%, from the previous fiscal year to ¥333 billion in the fiscal year ended March 31, 2012. The increase was due mainly to an increase in gains related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected. For further information on the fair value option, see note 29 to our consolidated financial statements included elsewhere in this annual report.

Investment gains (losses) net

Investment gains (losses) net was a loss of ¥33 billion in the fiscal year ended March 31, 2012 compared to a gain of ¥70 billion in the previous fiscal year. The change was due mainly to an increase in investment losses related to equity securities of ¥53 billion from the previous fiscal year to ¥65 billion in the fiscal year ended March 31, 2012 and a decrease in investment gains related to bonds of ¥25 billion from the previous fiscal year to ¥42 billion in the fiscal year ended March 31, 2012. The increase in investment losses related to equity securities was due mainly to an increase in impairment losses on equity securities as a result of declines in stock market prices in the fiscal year ended March 31, 2012. The decrease in investment gains related to bonds was due mainly to a decrease in gains related to sales of long-term Japanese government bonds. For further information, see note 4 to our consolidated financial statements included elsewhere in this annual report.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

Noninterest income decreased by ¥294 billion, or 22.1% from the previous fiscal year to ¥1,037 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to a decrease in trading account gains net of ¥216 billion and a decrease in other noninterest income of ¥121 billion.

Fees and commissions

Fees and commissions income decreased by ¥4 billion, or 0.7%, from the previous fiscal year to ¥582 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to a decrease of ¥13 billion in fees for other customer services offset in part by an increase of ¥11 billion in fees and commissions from securities-related business. The decrease in fees for other customer services was due mainly to a decrease in fees from consulting business by our securities subsidiary. The increase in fees and commissions from securities-related business was due mainly to an increase in fees and commissions related to investment trusts and individual annuities.

Foreign exchange gains (losses) net

Foreign exchange gains (losses) net was a gain of ¥56 billion in the fiscal year ended March 31, 2011 compared to a loss of ¥2 billion in the previous fiscal year. The change was due mainly to fluctuations in foreign exchange rates in the fiscal year ended March 31, 2011.

Trading account gains (losses) net

Trading account gains net decreased by ¥216 billion, or 51.2%, from the previous fiscal year to ¥206 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to the losses incurred by consolidated VIEs, such as stock investment trusts, as a result of a negative change in market conditions, a decrease in gains related to changes in the fair value of derivative financial instruments used to hedge market risks that are not eligible for hedge accounting under U.S. GAAP and a decrease in gains related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected. For further information on the fair value option, see note 29 to our consolidated financial statements included elsewhere in this annual report.

Investment gains (losses) net

Investment gains net increased by ¥3 billion, or 4.5%, from the previous year to ¥70 billion in the fiscal year ended March 31, 2011. The increase was due mainly to investment gains related to bonds of ¥67 billion recorded in the fiscal year ended March 31, 2011, compared to investment losses related to bonds of ¥2 billion in the previous fiscal year, offset in part by investment losses related to equity securities of ¥12 billion recorded in the fiscal year ended March 31, 2011 compared to investment gains related to equity securities of ¥55 billion in the previous fiscal year. The change in investment gains (losses) related to bonds between the fiscal year ended March 31, 2010 and the fiscal year ended March, 31, 2011 was due mainly to an increase in gains related to bonds as a result of flexible and timely operations properly interpreting market trends especially relating to the decline in interest rates. The change in investment gains (losses) related to equity securities between the fiscal year ended March 31, 2010 and the fiscal year ended March, 31, 2011 was due mainly to declines in stock markets, including declines related to the Great East Japan Earthquake. For further information, see note 4 to our consolidated financial statements included elsewhere in this annual report.

Gains on disposal of premises and equipment

Gains on disposal of premises and equipment decreased by ¥14 billion, or 50.0%, from the previous fiscal year to ¥14 billion in the fiscal year ended March 31, 2011 due mainly to decreased gains on the sale of real estate.

Other noninterest income

Other noninterest income decreased by ¥121 billion, or 52.6%, from the previous fiscal year to ¥109 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to the absence of a one-time gain relating to the merger of Mizuho Securities and Shinko Securities recorded in the fiscal year ended March 31, 2010.

Noninterest Expenses

The following table shows a breakdown of noninterest expenses for the fiscal years ended March 31, 2010, 2011 and 2012:

	Fiscal years ended March 31,		
	2010	**2011**	**2012**
	(in billions of yen)		
Salaries and employee benefits	¥ 592	¥ 553	¥ 587
General and administrative expenses	497	500	477
Impairment of goodwill		9	6
Occupancy expenses	172	170	175
Fees and commission expenses	92	96	108
Provision (credit) for losses on off-balance-sheet instruments	(24)	4	(1)
Other noninterest expenses	197	104	119
Total noninterest expenses	¥ 1,526	¥ 1,436	¥ 1,471

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Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

Noninterest expenses increased by ¥35 billion, or 2.4%, from the previous fiscal year to ¥1,471 billion in the fiscal year ended March 31, 2012. The increase was due mainly to an increase in salaries and employee benefits of ¥34 billion and an increase in other noninterest expenses of ¥15 billion, offset in part by a decrease in general and administrative expenses of ¥23 billion. The increase in salaries and employee benefits was due mainly to the effect of increased employee retirement benefit expenses. The increase in other noninterest expenses was due mainly to losses incurred by Mizuho Bank related to financial alternative dispute resolutions in relation to customer complaints arising from currency derivative transactions. The decrease in general and administrative expenses was due mainly to our efforts to enhance our cost efficiency through detailed reviews.

Salaries and employee benefits

Salaries and employee benefits increased by ¥34 billion, or 6.1%, from the previous fiscal year to ¥587 billion in the fiscal year ended March 31, 2012 due mainly to the effect of increased employee retirement benefit expenses as a result of a decline in expected return on plan assets, which reflects various aspects of long-term prospects for the economy, historical performance of investments of plan assets and the market environment, including stock market conditions, at the beginning of the fiscal year, an increase in the amortization of net actuarial loss, which primarily reflects past declines in the value of plan assets, and a premium allowance for a voluntary early retirement program of a securities subsidiary. Additional information regarding pension and other employee benefit plans is included in note 21 to our consolidated financial statements included elsewhere in this annual report.

General and administrative expenses

General and administrative expenses decreased by ¥23 billion, or 4.6%, from the previous fiscal year to ¥477 billion in the fiscal year ended March 31, 2012. The decrease was due mainly to our efforts to enhance our cost efficiency through detailed reviews, especially outsourcing costs.

Other noninterest expenses

Other noninterest expenses increased by ¥15 billion, or 14.4%, from the previous fiscal year to ¥119 billion in the fiscal year ended March 31, 2012. The increase was due mainly to losses incurred by Mizuho Bank related to financial alternative dispute resolutions in relation to customer complaints arising from currency derivative transactions. See Overview Others Financial Alternative Dispute Resolution (ADR) Related to Customers Losses on Derivatives.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

Noninterest expenses decreased by ¥90 billion, or 5.9%, from the previous fiscal year to ¥1,436 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to a decrease in other noninterest expenses of ¥93 billion and a decrease in salaries and employee benefits of ¥39 billion offset in part by a provision for losses on off-balance-sheet instruments of ¥4 billion compared to a credit for losses on off-balance-sheet instruments of ¥24 billion in the previous fiscal year.

Salaries and employee benefits

Salaries and employee benefits decreased by ¥39 billion, or 6.6%, from the previous fiscal year to ¥553 billion in the fiscal year ended March 31, 2011 due mainly to the effect of decreased employee retirement benefit expenses as a result of an increase in expected return on plan assets, which reflects various aspects of long-term prospects for the economy, historical performance of investments of plan assets and the market environment, including stock market conditions, at the beginning of the fiscal year, and a decrease in the amortization of net actuarial loss, which primarily reflects past increases in the value of plan assets. Additional information regarding pension and other employee benefit plans is included in note 21 to our consolidated financial statements included elsewhere in this annual report.

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General and administrative expenses

General and administrative expenses increased by ¥3 billion, or 0.6%, from the previous fiscal year to ¥500 billion in the fiscal year ended March 31, 2011. The increase was due mainly to an increase in tax expenses.

Impairment of goodwill

Impairment of goodwill of ¥9 billion was incurred in the fiscal year ended March 31, 2011 due to the carrying amount of Mizuho Investors Securities exceeding its fair value as a result of a decrease in the market price of common stock of Mizuho Investors Securities. Additional information regarding the impairment of goodwill is included in note 8 to our consolidated financial statements included elsewhere in this annual report.

Occupancy expenses

Occupancy expenses decreased by ¥2 billion, or 1.2%, from the previous fiscal year to ¥170 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to a decrease in rent expenses of tangible fixed assets and a decrease in losses on disposal of premises and equipment offset in part by an increase in depreciation expenses of tangible fixed assets.

Provision (credit) for losses on off-balance-sheet instruments

Provision (credit) for losses on off-balance-sheet instruments was a provision of ¥4 billion in the fiscal year ended March 31, 2011 compared to a credit of ¥24 billion in the previous fiscal year. The change was due mainly to an increase in allowance for losses on off-balance-sheet transactions primarily as a result of downgrades in credit ratings of some obligors.

Other noninterest expenses

Other noninterest expenses decreased by ¥93 billion, or 47.2%, from the previous fiscal year to ¥104 billion in the fiscal year ended March 31, 2011. The decrease was due mainly to a decrease in net losses on the credit derivatives used by our banking subsidiaries to hedge credit risk of loans.

Income Tax Expense (Benefit)

The following table shows the components of income tax expense (benefit) for the fiscal years ended March 31, 2010, 2011 and 2012:

	Fiscal years ended March 31,		
	2010	**2011**	**2012**
		(in billions of yen)	
Current:			
Domestic	¥ 11	¥ 7	¥ 22
Foreign	6	11	33
Total current tax expense	17	18	55
Deferred:			
Domestic	(378)	175	(37)
Foreign	1	0	(4)
Total deferred tax expense (benefit)	(377)	175	(41)
Total income tax expense (benefit)	¥ (360)	¥ 193	¥ 14

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

Income tax expense decreased by ¥179 billion, or 92.7%, from the previous fiscal year to ¥14 billion in the fiscal year ended March 31, 2012 due mainly to a decrease in deferred income tax expense.

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Deferred income tax expense (benefit) was a benefit of ¥41 billion in the fiscal year ended March 31, 2012 compared to an expense of ¥175 billion in the previous fiscal year. The benefit was the result of an increase in deferred tax assets, net of valuation allowance, reflecting an increase in our estimation of future taxable income offset in part by the reduction of the effective statutory tax rate as a result of Japanese tax reforms. For further information on Japanese tax reforms, see Overview Others Japanese Tax Reforms.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

Income tax expense (benefit) was an expense of ¥193 billion in the fiscal year ended March 31, 2011 compared to a benefit of ¥360 billion in the previous fiscal year. Current income tax expense in the fiscal year ended March 31, 2011 increased by ¥1 billion to ¥18 billion from the previous fiscal year.

Deferred income tax expense (benefit) was an expense of ¥175 billion in the fiscal year ended March 31, 2011 compared to a benefit of ¥377 billion in the previous fiscal year. The expense was the result of a decrease in deferred tax assets, net of valuation allowance, due primarily to a decrease in our estimation of future taxable income as a result of the decrease in net unrealized gains on available-for-sale securities reflecting primarily the decline in domestic stock markets.

Gross deferred tax assets decreased by ¥302 billion in the fiscal year ended March 31, 2011 due mainly to a decrease in net operating loss carryforwards resulting from its expiration.

The decrease in valuation allowance was smaller than the decrease in gross deferred tax assets due mainly to a decrease in our estimation of future taxable income. As a result, deferred tax assets, net of valuation allowance decreased by ¥176 billion from the end of the previous fiscal year to ¥1,311 billion at March 31, 2011.

The following table shows components of deferred tax assets as of March 31, 2010, 2011 and 2012:

	Fiscal years ended March 31,		
	2010	2011	2012
		(in billions of yen)	
Deferred tax assets:			
Investments	¥ 1,155	¥ 1,097	¥ 1,064
Allowance for loan losses	487	417	333
Trading account assets	75	92	59
Prepaid pension cost and accrued pension liabilities	41	72	12
Financial Stabilization Funds	17	12	
Premises and equipment	15	7	
Undistributed earning of subsidiaries	5		1
Net operating loss carryforwards	1,996	1,790	1,476
Other	300	302	282
Gross deferred tax assets	4,091	3,789	3,227
Valuation allowance	(2,604)	(2,478)	(1,952)
Deferred tax assets, net of valuation allowance	1,487	1,311	1,275
Deferred tax liabilities:			
Available-for-sale securities	551	355	369
Derivative financial instruments	43	32	28
Premises and equipment			4
Undistributed earnings of subsidiaries		6	
Other	79	76	53
Gross deferred tax liabilities	673	469	454

Net deferred tax assets	¥ 814	¥ 842	¥ 821

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Net Income (Loss) Attributable to Noncontrolling Interests

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

Net income (loss) attributable to noncontrolling interests was a loss of ¥7 billion in the fiscal year ended March 31, 2012 compared to income of ¥5 billion in the previous fiscal year due mainly to an increase in the allocation of losses incurred by our securities subsidiaries in the fiscal year ended March 31, 2012.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

Net income attributable to noncontrolling interests decreased by ¥42 billion, or 89.4%, from the previous fiscal year to ¥5 billion in the fiscal year ended March 31, 2011 due mainly to the allocation of losses incurred by our securities subsidiaries in the fiscal year ended March 31, 2011 which recorded gains in the fiscal year ended March 31, 2010.

Net Income Attributable to MHFG Shareholders

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

As a result of the foregoing, net income attributable to MHFG shareholders increased by ¥243 billion, or 58.8%, from the previous fiscal year to ¥656 billion in the fiscal year ended March 31, 2012.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

As a result of the foregoing, net income attributable to MHFG shareholders decreased by ¥587 billion, or 58.7%, from the previous fiscal year to ¥413 billion in the fiscal year ended March 31, 2011.

Business Segments Analysis

Our operating segments are based on the nature of the products and services provided, the type of customer and our management organization. The business segment information set forth below is derived from the internal management reporting systems used by management to measure the performance of our business segments. We measure the performance of each of our operating segments primarily in terms of net business profits in accordance with internal managerial accounting rules and practices. Net business profits is used in Japan as a measure of the profitability of core banking operations and is defined as gross profits (or the sum of net interest income, fiduciary income, net fee and commission income, net trading income and net other operating income) less general and administrative expenses (excluding non-recurring expenses). Measurement by net business profits is required for regulatory reporting to the Financial Services Agency. Therefore, the format and information are presented primarily on the basis of Japanese GAAP and are not consistent with the consolidated financial statements prepared in accordance with U.S. GAAP. A reconciliation of total net business profits with income before income tax expense (benefit) under U.S. GAAP is provided in note 31 to our consolidated financial statements included elsewhere in this annual report.

We manage our business portfolio through three Global Groups: the Global Corporate Group; the Global Retail Group; and the Global Asset & Wealth Management Group. The Global Corporate Group consists primarily of Mizuho Corporate Bank and Mizuho Securities, the Global Retail Group consists primarily of Mizuho Bank and Mizuho Investors Securities, and the Global Asset & Wealth Management Group consists primarily of Mizuho Trust & Banking. Operating segments of Mizuho Corporate Bank and Mizuho Bank are aggregated within each entity based on customer characteristics and functions. Operating segments of Mizuho Corporate Bank are aggregated into three reportable segments, domestic, international, and trading and others. Operating segments of Mizuho Bank are also aggregated into three reportable segments, retail banking, corporate banking, and trading and others. In addition to the three Global Groups, subsidiaries that provide services to a wide range of customers and that do not belong to a specific Global Group are aggregated in Others.

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The Global Corporate Group

Mizuho Corporate Bank

Mizuho Corporate Bank is the main operating company of the Global Corporate Group and provides banking and other financial services to large corporations, financial institutions, public sector entities, foreign corporations, including foreign subsidiaries of Japanese corporations, and foreign governmental entities.

Domestic

This segment consists of the following three units of Mizuho Corporate Bank: corporate banking, global investment banking and global transaction banking. This segment provides a variety of financial products and services to large corporations, financial institutions and public sector entities in Japan. The products and services it offers include commercial banking, advisory services, syndicated loan arrangements and structured finance.

International

This segment mainly offers commercial banking and foreign exchange transaction services to foreign corporations, including foreign subsidiaries of Japanese corporations, through Mizuho Corporate Bank s overseas network.

Trading and others

This segment consists of the global markets unit and the global asset management unit. This segment supports the domestic and international segments in offering derivatives and other risk hedging products to satisfy Mizuho Corporate Bank s customers financial and business risk control requirements. It is also engaged in Mizuho Corporate Bank s proprietary trading, such as foreign exchange and bond trading, and asset and liability management. This segment also includes costs incurred by headquarters functions of Mizuho Corporate Bank.

Mizuho Securities

Mizuho Securities is the securities arm of the Global Corporate Group and provides full-line securities services to corporations, financial institutions, public sector entities and individuals.

Others

This segment consists of Mizuho Corporate Bank s subsidiaries other than Mizuho Securities, but includes Mizuho Securities subsidiaries. These subsidiaries offer financial products and services in specific areas of business or countries mainly to customers of the Global Corporate Group. This segment also includes elimination of transactions between companies within the Global Corporate Group.

The Global Retail Group

Mizuho Bank

Mizuho Bank is the main operating company of the Global Retail Group. Mizuho Bank provides banking and other financial services mainly to individuals, SMEs and middle-market corporations through its domestic branches and ATM network.

Retail banking

This segment offers banking products and services, including housing and other personal loans, credit cards, deposits, investment products and consulting services, to Mizuho Bank s individual customers through its nationwide branches and ATM network, as well as telephone and Internet banking services.

Corporate banking

This segment provides loans, syndicated loan arrangements, structured finance, advisory services, other banking services and capital markets financing to SMEs, middle-market corporations, local governmental entities and other public sector entities in Japan.

Trading and others

This segment supports the retail banking and corporate banking segments in offering derivatives and other risk hedging products to satisfy Mizuho Bank s customers financial and business risk control requirements. It is also engaged in Mizuho Bank s proprietary trading, such as foreign exchange and bond trading, and asset and liability management. This segment also includes costs incurred by headquarters functions of Mizuho Bank.

Mizuho Investors Securities

Mizuho Investors Securities offers securities services to individuals and corporate customers of the Global Retail Group and provides those corporate customers with support in procuring funds through capital markets.

Others

This segment consists of Mizuho Bank s subsidiaries other than Mizuho Investors Securities. These subsidiaries, such as Mizuho Capital and Mizuho Business Financial Center, offer financial products and services in specific areas of business to customers of the Global Retail Group. This segment also includes elimination of transactions between companies within the Global Retail Group.

The Global Asset & Wealth Management Group

Mizuho Trust & Banking

Mizuho Trust & Banking is the main operating company of the Global Asset & Wealth Management Group and offers products and services related to trust, real estate, securitization and structured finance, pension and asset management and stock transfers.

Others

This segment includes companies other than Mizuho Trust & Banking that are a part of the Global Asset & Wealth Management Group. These companies include Trust & Custody Services Bank, Mizuho Asset Management, DIAM, which is an equity-method affiliate, and Mizuho Private Wealth Management. They offer products and services related to trust and custody, asset management and private banking. This segment also includes elimination of transactions between companies within the Global Asset & Wealth Management Group.

Others

This segment consists of Mizuho Financial Group and its subsidiaries that do not belong to a specific Global Group but provide their services to a wide range of customers. Under this segment, we offer non-banking services, including research and consulting services through Mizuho Research Institute, information technology-related services through Mizuho Information & Research Institute and advisory services to financial institutions through Mizuho Financial Strategy. This segment also includes elimination of transactions between the Global Groups.

The information below for reportable segments is derived from our internal management reporting system.

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Results of Operations by Business Segment

Consolidated Results of Operations

Consolidated gross profits for the fiscal year ended March 31, 2012 were ¥2,003.1 billion, a decrease of ¥22.2 billion compared to the fiscal year ended March 31, 2011. Consolidated general and administrative expenses (excluding non-recurring expenses) for the fiscal year ended March 31, 2012 were ¥1,206.3 billion, an increase of ¥12.0 billion compared to the fiscal year ended March 31, 2011. Consolidated net business profits for the fiscal year ended March 31, 2012 were ¥719.1 billion, a decrease of ¥22.6 billion compared to the fiscal year ended March 31, 2011.

Global Corporate Group Financial Results

The following table shows gross profits, general and administrative expenses (excluding non-recurring expenses) and net business profits for the Global Corporate Group for the fiscal years ended March 31, 2010, 2011 and 2012:

	Mizuho Corporate Bank						
	Domestic	International	Trading and others	Subtotal	Mizuho Securities	Others	Total Global Corporate Group
				(in billions of yen)			
Fiscal year ended March 31, 2010:							
Gross profits:							
Net interest income (expenses)	¥ 175.0	¥ 85.8	¥ 184.0	¥ 444.8	¥ (10.7)	¥ 36.5	¥ 470.6
Net noninterest income	110.7	31.7	55.1	197.5	188.5	63.9	449.9
Total	285.7	117.5	239.1	642.3	177.8	100.4	920.5
General and administrative expenses	97.5	54.4	95.0	246.9	153.4	77.8	478.1
Others						(11.8)	(11.8)
Net business profits	¥ 188.2	¥ 63.1	¥ 144.1	¥ 395.4	¥ 24.4	¥ 10.8	¥ 430.6
Fiscal year ended March 31, 2011:							
Gross profits:							
Net interest income (expenses)	¥ 176.0	¥ 86.3	¥ 133.5	¥ 395.8	¥ (9.2)	¥ 70.4	¥ 457.0
Net noninterest income	115.2	56.9	110.4	282.5	158.9	42.1	483.5
Total	291.2	143.2	243.9	678.3	149.7	112.5	940.5
General and administrative expenses	88.8	62.1	84.1	235.0	160.9	75.4	471.3
Others						(56.7)	(56.7)
Net business profits (losses)	¥ 202.4	¥ 81.1	¥ 159.8	¥ 443.3	¥ (11.2)	¥ (19.6)	¥ 412.5
Fiscal year ended March 31, 2012:							
Gross profits:							
Net interest income (expenses)	¥ 166.6	¥ 96.8	¥ 131.6	¥ 395.0	¥ (4.1)	¥ 77.4	¥ 468.3
Net noninterest income	119.8	61.6	105.4	286.8	120.5	42.1	449.4
Total	286.4	158.4	237.0	681.8	116.4	119.5	917.7
General and administrative expenses	89.8	62.0	93.1	244.9	144.8	75.7	465.4
Others						(52.1)	(52.1)
Net business profits (losses)	¥ 196.6	¥ 96.4	¥ 143.9	¥ 436.9	¥ (28.4)	¥ (8.3)	¥ 400.2

Fiscal year ended March 31, 2012 compared to fiscal year ended March 31, 2011

Gross profits for Mizuho Corporate Bank for the fiscal year ended March 31, 2012 were ¥681.8 billion, an increase of ¥3.5 billion, or 0.5%, compared to the fiscal year ended March 31, 2011. The increase was due

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mainly to an increase in gross profits of ¥15.2 billion from international operations as a result mainly of an increase in income in Asian countries. This increase was offset in part by a decrease of ¥6.9 billion in gross profits from trading and others due to the significant profits from banking operations we recorded in the fiscal year ended March 31, 2011, despite the relatively robust profits in the fiscal year ended March 31, 2012 as a result of flexible and timely asset-and-liability management operations that appropriately captured interest rate movements in domestic and overseas financial markets. The increase in gross profits for Mizuho Corporate Bank was also offset by a decrease of ¥4.8 billion in domestic operations due to a decrease in interest income, which was offset in part by an increase in noninterest income such as fees associated with solutions business.

General and administrative expenses of Mizuho Corporate Bank for the fiscal year ended March 31, 2012 were ¥244.9 billion, an increase of ¥9.9 billion, or 4.2%, due to an increase in expenses related to employee retirement benefits and expansion of overseas business.

As a result, net business profits of Mizuho Corporate Bank for the fiscal year ended March 31, 2012 were ¥436.9 billion, a decrease of ¥6.4 billion, or 1.4%, compared to the fiscal year ended March 31, 2011.

Mizuho Securities recorded net business losses of ¥28.4 billion for the fiscal year ended March 31, 2012, an increase of ¥17.2 billion compared to the fiscal year ended March 31, 2011 due mainly to a decrease in commission income as well as in net profits from trading under a severe environment resulting from factors including sluggish equity markets.

As a result mainly of the foregoing, net business profits for the Global Corporate Group for the fiscal year ended March 31, 2012 decreased by ¥12.3 billion, or 3.0%, compared to the fiscal year ended March 31, 2011 to ¥400.2 billion.

Fiscal year ended March 31, 2011 compared to fiscal year ended March 31, 2010

Gross profits for Mizuho Corporate Bank for the fiscal year ended March 31, 2011 were ¥678.3 billion, an increase of ¥36.0 billion, or 5.6%, compared to the fiscal year ended March 31, 2010. The increase was due mainly to an increase in gross profits of ¥25.7 billion from international operations as a result of a slight increase in interest income and a significant improvement in noninterest income. Gross profits from domestic operations also increased by ¥5.5 billion due to an increase in net dividend and interest income related to equity and other investments reflecting improvements in business results in the corporate sector as well as an increase in noninterest income from foreign exchange business and investment banking business, etc., which more than offset the negative effects of the decline in total loan balance due to weak loan demands by large corporate borrowers. In addition, gross profits from trading and others increased by ¥4.8 billion due to robust profits from the banking business as a result of flexible and timely asset-and-liability management operations in response to interest rate movements, despite the absence of gross profits of approximately ¥61 billion we recorded in the fiscal year ended March 31, 2010 from the effect of the structure of our capital raising through the issuance of preferred debt securities by our special purpose companies in which Mizuho Financial Group, instead of Mizuho Corporate Bank, provided funds for the dividend payments made on such preferred debt securities.

General and administrative expenses of Mizuho Corporate Bank for the fiscal year ended March 31, 2011 were ¥235.0 billion, a decrease of ¥11.9 billion, or 4.8%, due to a decrease in expenses related to employee retirement benefits and to our group-wide cost reduction efforts.

As a result, net business profits of Mizuho Corporate Bank for the fiscal year ended March 31, 2011 were ¥443.3 billion, an increase of ¥47.9 billion, or 12.1%, compared to the fiscal year ended March 31, 2010.

Mizuho Securities recorded net business losses of ¥11.2 billion for the fiscal year ended March 31, 2011, a decline of ¥35.6 billion compared to the fiscal year ended March 31, 2010 due mainly to a decrease in net profits from trading, which was offset in part by fee income from underwriting a large equity offering.

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As a result mainly of the foregoing, net business profits for the Global Corporate Group for the fiscal year ended March 31, 2011 decreased by ¥18.1 billion, or 4.2%, compared to the fiscal year ended March 31, 2010 to ¥412.5 billion.

Global Retail Group Financial Results

The following table shows gross profits, general and administrative expenses (excluding non-recurring expenses) and net business profits for the Global Retail Group for the fiscal years ended March 31, 2010, 2011 and 2012:

	Mizuho Bank						
	Retail Banking	Corporate Banking	Trading and others	Subtotal	Mizuho Investors Securities	Others	Total Global Retail Group
	(in billions of yen)						
Fiscal year ended March 31, 2010:							
Gross profits:							
Net interest income	¥ 263.5	¥ 266.4	¥ 83.0	¥ 612.9	¥ 0.4	¥ 28.3	¥ 641.6
Net noninterest income	25.0	126.5	54.4	205.9	47.2	5.7	258.8
Total	288.5	392.9	137.4	818.8	47.6	34.0	900.4
General and administrative expenses	245.8	228.9	95.7	570.4	40.0	7.3	617.7
Others						(2.0)	(2.0)
Net business profits	¥ 42.7	¥ 164.0	¥ 41.7	¥ 248.4	¥ 7.6	¥ 24.7	¥ 280.7
Fiscal year ended March 31, 2011:							
Gross profits:							
Net interest income	¥ 248.2	¥ 266.9	¥ 56.7	¥ 571.8	¥ 0.6	¥ 42.1	¥ 614.5
Net noninterest income	34.6	124.9	78.0	237.5	49.8	7.5	294.8
Total	282.8	391.8	134.7	809.3	50.4	49.6	909.3
General and administrative expenses	237.7	223.7	93.4	554.8	41.0	9.5	605.3
Others						(15.9)	(15.9)
Net business profits	¥ 45.1	¥ 168.1	¥ 41.3	¥ 254.5	¥ 9.4	¥ 24.2	¥ 288.1
Fiscal year ended March 31, 2012:							
Gross profits:							
Net interest income	¥ 239.2	¥ 254.6	¥ 51.6	¥ 545.4	¥ 0.7	¥ 37.8	¥ 583.9
Net noninterest income	39.7	121.6	92.0	253.3	43.9	8.6	305.8
Total	278.9	376.2	143.6	798.7	44.6	46.4	889.7
General and administrative expenses	243.0	221.7	91.7	556.4	40.9	11.2	608.5
Others						(14.0)	(14.0)
Net business profits	¥ 35.9	¥ 154.5	¥ 51.9	¥ 242.3	¥ 3.7	¥ 21.2	¥ 267.2

Fiscal year ended March 31, 2012 compared to fiscal year ended March 31, 2011

Gross profits for Mizuho Bank for the fiscal year ended March 31, 2012 decreased by ¥10.6 billion, or 1.3%, from the fiscal year ended March 31, 2011 to ¥798.7 billion. The decrease was due mainly to a decrease in gross profits of ¥15.6 billion from corporate banking, reflecting decreases in net interest income due mainly to a decline in the average loan interest rate spread. Gross profits from retail banking also decreased by ¥3.9 billion, reflecting a decrease in deposit income as a result of a decline in market interest rates, offset in part by an increase in noninterest income as a result of an increase in fees in connection with investment trusts and individual annuities. The decrease was offset in part by an increase of ¥8.9 billion in gross profits from trading

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and others as a result of flexible and timely asset-and-liability management operations that appropriately captured interest rate movements in domestic and overseas financial markets.

General and administrative expenses for Mizuho Bank increased by ¥1.6 billion, or 0.3%, compared to the fiscal year ended March 31, 2011 to ¥556.4 billion due to an increase in expenses related to employee retirement benefits offset in part by our group-wide cost reduction efforts.

As a result, net business profits of Mizuho Bank for the fiscal year ended March 31, 2012 were ¥242.3 billion, a decrease of ¥12.2 billion, or 4.8%, compared to the fiscal year ended March 31, 2011.

Mizuho Investors Securities recorded net business profits of ¥3.7 billion for the fiscal year ended March 31, 2012, a decrease of ¥5.7 billion compared to the fiscal year ended March 31, 2011, due mainly to a decrease in commission income as a result of weak equity markets as well as a decrease in net profits from trading operations.

As a result mainly of the foregoing, net business profits for the Global Retail Group for the fiscal year ended March 31, 2012 decreased by ¥20.9 billion, or 7.3%, compared to the fiscal year ended March 31, 2011 to ¥267.2 billion.

Fiscal year ended March 31, 2011 compared to fiscal year ended March 31, 2010

Gross profits for Mizuho Bank for the fiscal year ended March 31, 2011 decreased by ¥9.5 billion, or 1.2%, from the fiscal year ended March 31, 2010 to ¥809.3 billion. The decrease was due mainly to a decrease in gross profits of ¥5.7 billion from retail banking, reflecting a decrease in deposit income as a result of a decline in market interest rates, offset in part by an increase in noninterest income as a result of a significant increase in sales of investment trusts and individual annuities. Gross profits from trading and others also decreased by ¥2.7 billion compared to the fiscal year ended March 31, 2010 due to the absence of the gross profits of approximately ¥17 billion we recorded in the fiscal year ended March 31, 2010 from the effect of the structure of our capital raising through the issuance of preferred debt securities by our special purpose companies in which Mizuho Financial Group, instead of Mizuho Bank, provided funds for the dividend payments made on such preferred debt securities, which was offset in part by robust profits from flexible and timely asset-and-liability management operations in response to interest rate movements. In addition, gross profits from corporate banking also decreased by ¥1.1 billion, reflecting a decrease in noninterest income such as from our solutions business.

General and administrative expenses for Mizuho Bank decreased by ¥15.6 billion, or 2.7%, compared to the fiscal year ended March 31, 2010 to ¥554.8 billion due to a decrease in expenses related to employee retirement benefits and to our group-wide cost reduction efforts.

As a result, net business profits of Mizuho Bank for the fiscal year ended March 31, 2011 were ¥254.5 billion, an increase of ¥6.1 billion, or 2.5%, compared to the fiscal year ended March 31, 2010.

Mizuho Investors Securities recorded net business profits of ¥9.4 billion for the fiscal year ended March 31, 2011, an increase of ¥1.8 billion compared to the fiscal year ended March 31, 2010, due mainly to an increase in commission income from sales of investment trusts.

As a result mainly of the foregoing, net business profits for the Global Retail Group for the fiscal year ended March 31, 2011 increased by ¥7.4 billion, or 2.6%, compared to the fiscal year ended March 31, 2010 to ¥288.1 billion.

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Global Asset & Wealth Management Group Financial Results

The following table shows gross profits, general and administrative expenses (excluding non-recurring expenses) and net business profits for the Global Asset & Wealth Management Group for the fiscal years ended March 31, 2010, 2011 and 2012:

	Mizuho Trust & Banking	Others (in billions of yen)	Total Global Asset & Wealth Management Group
Fiscal year ended March 31, 2010:			
Gross profits[1]:			
Net interest income	¥ 44.9	¥ 1.3	¥ 46.2
Net noninterest income	87.1	43.4	130.5
Total	132.0	44.7	176.7
General and administrative expenses	89.9	38.6	128.5
Others		(2.8)	(2.8)
Net business profits	¥ 42.1	¥ 3.3	¥ 45.4
Fiscal year ended March 31, 2011[2]:			
Gross profits[1]:			
Net interest income	¥ 42.5	¥ 0.9	¥ 43.4
Net noninterest income	81.0	45.0	126.0
Total	123.5	45.9	169.4
General and administrative expenses	79.0	38.5	117.5
Others		(2.1)	(2.1)
Net business profits	¥ 44.5	¥ 5.3	¥ 49.8
Fiscal year ended March 31, 2012[2]:			
Gross profits[1]:			
Net interest income	¥ 42.7	¥ 0.7	¥ 43.4
Net noninterest income	84.3	46.9	131.2
Total	127.0	47.6	174.6
General and administrative expenses	78.0	39.1	117.1
Others		(1.9)	(1.9)
Net business profits	¥ 49.0	¥ 6.6	¥ 55.6

Notes:

(1) Before credit-related costs for trust accounts.

(2) Beginning the fiscal year ended March 31, 2012, certain items previously recorded in General and administrative expenses are now reported as Net noninterest income in accordance with Japanese GAAP to better reflect the underlying economics. Figures for the fiscal year ended March 31, 2011 have been reclassified to conform to such presentation. The figures of fiscal year ended March 31, 2011 prior to such change are as follows. The comparison between fiscal year ended March 31, 2011 and 2010 are made by the figures prior to such change.

	Mizuho Trust & Banking	Others	Total Global Asset & Wealth Management Group
		(in billions of yen)	
Fiscal year ended March 31, 2011:			
Gross profits[1]:			
Net interest income	¥ 42.5	¥ 0.9	¥ 43.4
Net noninterest income	89.4	44.6	134.0
Total	131.9	45.5	177.4
General and administrative expenses	87.4	38.1	125.5
Others		(2.1)	(2.1)
Net business profits	¥ 44.5	¥ 5.3	¥ 49.8

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Fiscal year ended March 31, 2012 compared to fiscal year ended March 31, 2011

Gross profits for Mizuho Trust & Banking for the fiscal year ended March 31, 2012 increased by ¥3.5 billion, or 2.8%, from the fiscal year ended March 31, 2011 to ¥127.0 billion. The increase was due mainly to an increase in noninterest income mainly from real estate business as well as a slight increase in net interest income.

General and administrative expenses for Mizuho Trust & Banking decreased by ¥1.0 billion, or 1.3%, compared to the fiscal year ended March 31, 2011 to ¥78.0 billion due to a decrease in non-personnel expenses despite an increase in expenses related to employee retirement benefits.

As a result mainly of the foregoing, net business profits for the Global Asset & Wealth Management Group for the fiscal year ended March 31, 2012 increased by ¥5.8 billion, or 11.6%, compared to the fiscal year ended March 31, 2011 to ¥55.6 billion.

Fiscal year ended March 31, 2011 compared to fiscal year ended March 31, 2010

Gross profits for Mizuho Trust & Banking for the fiscal year ended March 31, 2011 decreased by ¥0.1 billion, or 0.1%, from the fiscal year ended March 31, 2010 to ¥131.9 billion. The decrease was due mainly to a decrease in interest income reflecting a decrease in loan interest income, etc., which was offset in part by an increase in noninterest income mainly from the asset financing business.

General and administrative expenses for Mizuho Trust & Banking decreased by ¥2.5 billion, or 2.8%, compared to the fiscal year ended March 31, 2010 to ¥87.4 billion due to a decrease in expenses related to employee retirement benefits and to our group-wide cost reduction efforts.

As a result mainly of the foregoing, net business profits for the Global Asset & Wealth Management Group for the fiscal year ended March 31, 2011 increased by ¥4.4 billion, or 9.7%, compared to the fiscal year ended March 31, 2010 to ¥49.8 billion.

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Geographical Segment Analysis

The following table presents consolidated income statement and total assets information by major geographic area. Foreign activities are defined as business transactions that involve customers residing outside of Japan. However, as our operations are highly integrated globally, we have made estimates and assumptions for the allocation of assets, liabilities, income and expenses among the geographic areas.

	Japan	Americas	Europe	Asia/Oceania excluding Japan, and others	Total
			(in billions of yen)		
Fiscal year ended March 31, 2010:					
Total revenue(1)	¥ 2,324	¥ 284	¥ 230	¥ 125	¥ 2,963
Total expenses(2)	1,907	134	163	72	2,276
Income before income tax expense	417	150	67	53	687
Net income	¥ 784	¥ 149	¥ 66	¥ 48	¥ 1,047
Total assets at end of fiscal year	¥ 121,556	¥ 21,951	¥ 10,179	¥ 4,665	¥ 158,351
Fiscal year ended March 31, 2011:					
Total revenue(1)	¥ 1,943	¥ 282	¥ 128	¥ 144	¥ 2,497
Total expenses(2)	1,628	112	70	76	1,886
Income before income tax expense	315	170	58	68	611
Net income	¥ 134	¥ 166	¥ 57	¥ 61	¥ 418
Total assets at end of fiscal year	¥ 125,413	¥ 21,795	¥ 8,522	¥ 6,256	¥ 161,986
Fiscal year ended March 31, 2012:					
Total revenue(1)	¥ 1,966	¥ 251	¥ 132	¥ 178	¥ 2,527
Total expenses(2)	1,561	104	103	96	1,864
Income before income tax expense	405	147	29	82	663
Net income	¥ 419	¥ 131	¥ 28	¥ 71	¥ 649
Total assets at end of fiscal year	¥ 124,444	¥ 25,369	¥ 8,868	¥ 7,681	¥ 166,362

Notes:

(1) Total revenue includes interest and dividend income and noninterest income.
(2) Total expenses include interest expense, provision (credit) for loan losses and noninterest expenses.

Fiscal Year Ended March 31, 2012 Compared to Fiscal Year Ended March 31, 2011

In the fiscal year ended March 31, 2012, 64.6% of our net income was derived from Japan, 20.2% from the Americas, 4.3% from Europe and 10.9% from Asia/Oceania excluding Japan, and others. At March 31, 2012, 74.8% of total assets were allocated to Japan, 15.3% to the Americas, 5.3% to Europe and 4.6% to Asia/Oceania excluding Japan, and others.

Total revenue in Japan increased by ¥23 billion from the previous fiscal year due to an increase in trading account gains net, offset in part by decreases in investment gains (losses) net and interest and dividend income. The increase in trading account gains net was due mainly to an increase in gains related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected. The decrease in investment gains (losses) net was due mainly to an increase in investment losses related to equity securities and a decrease in investment gains related to bonds. The increase in investment losses related to equity securities was due mainly to an increase in impairment losses on equity securities as a result of declines in market prices. The decrease in investment gains related to bonds was due mainly to a decrease in gains related to sales of long-term Japanese government bonds. The decrease in interest and dividend income was

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due mainly to a decrease in interest income from domestic loans, which in turn was due mainly to a decrease in the average yield, reflecting a decline in yen interest rate levels, and a decrease in the average balance. Total expenses decreased by ¥67 billion from the previous fiscal year due to an increase in credit for loan losses and a decrease in interest expenses, offset in part by an increase in noninterest expenses. The credit for loan losses was due primarily to upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, the effect of which was enhanced against a backdrop of the improving domestic economic environment as described in Overview Operating Environment, reflecting the continuing gradual recovery of the Japanese economy. See Financial Condition Assets Allowance for Loan Losses Provision for loan losses. The decrease in interest expenses was due mainly to a decrease in interest expense on deposits, which in turn was due to a decrease in average interest rate, reflecting a decline in yen interest rate levels. The increase in noninterest expenses was due mainly to an increase in salaries and employee benefits, offset in part by a decrease in general and administrative expenses. The increase in salaries and employee benefits was due mainly to the effect of increased employee retirement benefit expenses, and the decrease in general and administrative expenses was due mainly to our efforts to enhance our cost efficiency through detailed reviews. In addition, we had an income tax benefit ¥14 billion in Japan in the fiscal year ended March 31, 2012 compared to an income tax expense of ¥181 billion in the previous fiscal year. The tax benefit was the result of an increase in deferred tax assets, net of valuation allowance, reflecting an increase in our estimation of future taxable income offset in part by the reduction of effective statutory tax rate as a result of Japanese tax reforms. As a result, net income in Japan increased by ¥285 billion. Total assets in Japan decreased by ¥969 billion due primarily to decreases in interest-bearing deposits in other banks and cash and due from banks, offset in part by an increase in investments.

In the Americas, total revenue decreased by ¥31 billion due primarily to decreases in investment gains net and trading account gains (losses) net. Total expenses decreased by ¥8 billion due primarily to a decrease in interest expense on payables under repurchase agreements, offset in part by an increase in provision for loan losses. As a result, net income in the Americas decreased by ¥35 billion. Total assets in the Americas increased by ¥3,574 billion due primarily to increases in trading account assets and loans.

In Europe, total revenue increased by ¥4 billion due primarily to an increase in trading account gains (losses) net. Total expenses increased by ¥33 billion due mainly to an increase in interest expense on interest-bearing deposits, which in turn was due mainly to an increase in the average balance, primarily certificate of deposits. As a result, net income in Europe decreased by ¥29 billion. Total assets in Europe increased by ¥346 billion due primarily to an increase in loans.

In Asia/Oceania excluding Japan, and others, total revenue increased by ¥34 billion due primarily to an increase in interest and dividend income. The increase in interest and dividend income was due mainly to an increase in interest from loans, which in turn was due mainly to an increase in the average balance. Total expenses increased by ¥20 billion due mainly to increases in interest expense on interest-bearing deposits and provision for loan losses. The increase in interest expense on interest-bearing deposits was due mainly to an increase in the average balance, as well as an increase in average interest rate. As a result, net income in Asia/Oceania excluding Japan, and others increased by ¥10 billion. Total assets in Asia/Oceania excluding Japan, and others increased by ¥1,425 billion due primarily to an increase in loans.

Fiscal Year Ended March 31, 2011 Compared to Fiscal Year Ended March 31, 2010

In the fiscal year ended March 31, 2011, 32.1% of our net income was derived from Japan, 39.7% from the Americas, 13.6% from Europe and 14.6% from Asia/Oceania excluding Japan, and others. At March 31, 2011, 77.4% of total assets were allocated to Japan, 13.4% to the Americas, 5.3% to Europe and 3.9% to Asia/Oceania excluding Japan, and others.

Total revenue in Japan decreased by ¥381 billion from the previous fiscal year due to a decrease in interest and dividend income and a decrease in trading account gains net. The decrease in interest and dividend income

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was due mainly to the decrease in interest income from loans as a result of the decrease in the average yield, which reflects a decline in yen interest rate levels, and the decrease in the average balance. The decrease in trading account gains net was due mainly to the losses incurred by consolidated VIEs, such as stock investment trusts, as a result of a negative change in market conditions, a decrease in gains related to changes in the fair value of derivative financial instruments used to hedge market risks that are not eligible for hedge accounting under U.S. GAAP and a decrease in gains related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected. Total expenses decreased by ¥279 billion due to the decrease in provision for loan losses. The decrease in provision for loan losses was due mainly to upgrades in obligor category of some borrowers and other factors, as a result of our appropriate credit management while responding to customers financing needs. In addition, we had an income tax expense of ¥181 billion in Japan in the fiscal year ended March 31, 2011 compared to an income tax benefit of ¥367 billion in the previous fiscal year. The tax expense was the result of a decrease in deferred tax assets, net of valuation allowance, due primarily to a decrease in our estimation of future taxable income as a result of the decrease in net unrealized gains on available-for-sale securities, reflecting primarily the decline in domestic stock markets. As a result, net income in Japan decreased by ¥650 billion. Total assets in Japan increased by ¥3,857 billion due primarily to an increase in interest-bearing deposits in other banks, offset in part by a decrease in trading account assets.

In the Americas, total revenue decreased by ¥2 billion due primarily to a decrease in trading account gains net. Total expenses decreased by ¥22 billion due primarily to the decrease in provision for loan losses. As a result, net income in the Americas increased by ¥17 billion. Total assets in the Americas decreased by ¥156 billion due primarily to a decrease in trading account assets, offset in part by an increase in interest-bearing deposits in other banks.

In Europe, total revenue decreased by ¥102 billion due primarily to decreases in interest income from trading account assets and loans. The decreases in interest income from trading account assets and loans were due mainly to the decreases in the average balance and in the average yields, reflecting general declines in euro interest rate levels. Total expenses decreased by ¥93 billion due mainly to a decrease in interest expense on interest-bearing deposits and a decrease in provision for loan losses. The decrease in interest expense was due mainly to the decrease in the average interest rates, reflecting general declines in euro interest rate levels. As a result, net income in Europe decreased by ¥9 billion. Total assets in Europe decreased by ¥1,657 billion due primarily to decreases in investments and trading account assets.

In Asia/Oceania excluding Japan, and others, total revenue increased by ¥19 billion due primarily to an increase in foreign exchange gains net. Total expenses increased by ¥4 billion due mainly to an increase in provision for loan losses. As a result, net income in Asia/Oceania excluding Japan, and others increased by ¥13 billion. Total assets in Asia/Oceania excluding Japan, and others increased by ¥1,591 billion due primarily to an increase in loans.

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Financial Condition

Assets

Our assets as of March 31, 2011 and 2012 were as follows:

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of yen)		
Cash and due from banks	¥ 1,884	¥ 1,217	¥ (667)
Interest-bearing deposits in other banks	8,240	6,147	(2,093)
Call loans and funds sold	382	249	(133)
Receivables under resale agreements	7,467	7,122	(345)
Receivables under securities borrowing transactions	6,541	6,406	(135)
Trading account assets	28,106	30,946	2,840
Investments	40,704	44,044	3,340
Loans	64,690	65,989	1,299
Allowance for loan losses	(735)	(683)	52
Loans, net of allowance	63,955	65,306	1,351
Premises and equipment net	1,114	1,105	(9)
Due from customers on acceptances	74	77	3
Accrued income	238	246	8
Goodwill	8	6	(2)
Intangible assets	76	70	(6)
Deferred tax assets	855	837	(18)
Other assets	2,342	2,584	242
Total assets	¥ 161,986	¥ 166,362	¥ 4,376

Total assets increased by ¥4,376 billion from the end of the previous fiscal year to ¥166,362 billion as of March 31, 2012. This increase was due primarily to an increase of ¥3,340 billion in investments, an increase of ¥2,840 billion in trading account assets, mainly in U.S. Treasury notes and agency mortgage-backed securities, and an increase of ¥1,351 billion in loans, net of allowance, offset in part by a decrease of ¥2,093 billion in interest-bearing deposits in other banks, which had increased as of the end of the previous fiscal year as a result of funds-supplying operations of the Bank of Japan with a view to ensuring financial market stability after the Great East Japan Earthquake, and a decrease of ¥667 billion in cash and due from banks.

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Loans

Loans Outstanding

The following table shows our loans outstanding as of March 31, 2011 and 2012:

	As of March 31,				Increase (decrease)	
	2011		2012			
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 7,617	11.8%	¥ 7,587	11.5%	¥ (30)	(0.3)%
Construction and real estate	7,308	11.3	7,271	11.0	(37)	(0.3)
Services	4,287	6.6	3,981	6.0	(306)	(0.6)
Wholesale and retail	5,314	8.2	5,295	8.0	(19)	(0.2)
Transportation and communications	3,228	5.0	3,201	4.9	(27)	(0.1)
Banks and other financial institutions	3,908	6.0	3,501	5.3	(407)	(0.7)
Government and public institutions	7,154	11.0	6,912	10.5	(242)	(0.5)
Other industries[1]	3,759	5.8	4,319	6.5	560	0.7
Individuals	12,181	18.8	11,910	18.0	(271)	(0.8)
Mortgage loans	11,436	17.7	11,191	16.9	(245)	(0.8)
Other	745	1.1	719	1.1	(26)	0.0
Total domestic	54,756	84.5	53,977	81.7	(779)	(2.8)
Foreign:						
Commercial and industrial	6,965	10.8	8,146	12.3	1,181	1.5
Banks and other financial institutions	2,588	4.0	3,343	5.1	755	1.1
Government and public institutions	453	0.7	522	0.8	69	0.1
Other[1]	9	0.0	91	0.1	82	0.1
Total foreign	10,015	15.5	12,102	18.3	2,087	2.8
Subtotal	64,771	100.0%	66,079	100.0%	1,308	
Less: Unearned income and deferred loan fees net	(81)		(90)		(9)	
Total loans before allowance for loan losses	¥ 64,690		¥ 65,989		¥ 1,299	

Note:

(1) Other industries within domestic and other within foreign include trade receivables and lease receivables of consolidated VIEs.
Total loans before allowance for loan losses increased by ¥1,299 billion from the end of the previous fiscal year to ¥65,989 billion as of March 31, 2012. Loans to domestic borrowers decreased by ¥779 billion to ¥53,977 billion due mainly to decreases in almost all of the industries, while the pace of the decline in the domestic loan balance started to become slower during the fiscal year ended March 31, 2012 compared to the previous fiscal year. These decreases were offset in part by an increase in other industries.

Loans to foreign borrowers increased by ¥2,087 billion from the end of the previous fiscal year to ¥12,102 billion as of March 31, 2012. The increase in loans to foreign borrowers was due mainly to increases in loans to commercial and industrial borrowers and banks and other financial institutions, mainly in Asia, which more than offset the effect of the appreciation of the yen.

Within our loan portfolio, loans to domestic borrowers decreased from 84.5% to 81.7% while loans to foreign borrowers increased from 15.5% to 18.3%.

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Impaired Loans

General

Under our group s credit risk management, we use an internal rating system that consists of credit ratings and pool allocations as the basis of our risk management infrastructure. Credit ratings consist of obligor ratings which represent the level of credit risk of the obligor, and transaction ratings which represent the ultimate possibility of incurrence of losses for individual loan by taking into consideration various factors such as collateral or guarantee involved. In principle, obligor ratings are applied to all obligors except those to which pool allocations are applied, and are subject to regular review at least once a year as well as special review which is required whenever the obligor s credit standing changes. Pool allocations are applied to small balance loans. We pool loans with similar risk characteristics, and the risk is assessed and managed according to such pool. We generally review the appropriateness and effectiveness of the approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures. The table below presents our definition of obligor ratings used by Mizuho Bank, Mizuho Corporate Bank and Mizuho Trust & Banking:

Obligor category	Obligor rating	Definition
Normal	A	Obligors whose certainty of debt fulfillment is very high, hence their level of credit risk is very low.
	B	Obligors whose certainty of debt fulfillment poses no problems for the foreseeable future, and their level of credit risk is sufficient.
	C	Obligors whose certainty of debt fulfillment and their level of credit risk pose no problems for the foreseeable future.
	D	Obligors whose current certainty of debt fulfillment poses no problems, however, their resistance to future environmental changes is low.
Watch(1)	E1	Obligors that require observation going forward because of either minor concerns regarding their financial position, or somewhat weak or unstable business conditions.
	E2	Obligors that require special observation going forward because of problems with their borrowings such as reduced or suspended interest payments, problems with debt fulfillment such as failure of principal or interest payments, or problems with their financial position as a result of their weak or unstable business condition.
Intensive control	F	Obligors that are not yet bankrupt but are in financial difficulties and are deemed likely to become bankrupt in the future because of insufficient progress in implementing their management improvement plans or other measures (including obligors that are receiving ongoing support from financial institutions).
Substantially bankrupt	G	Obligors that have not yet become legally or formally bankrupt but are substantially insolvent because they are in serious financial difficulties and are deemed to be incapable of being restructured.
Bankrupt	H	Obligors that have become legally or formally bankrupt.

Note:

(1) Special attention obligors are watch obligors with debt in troubled debt restructuring or 90 days or more delinquent debt, and we consider all such loans impaired.

We consider loans to be impaired when it is probable that we will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loan. We determine loans to special attention, intensive control, substantially bankrupt and bankrupt obligors as impaired loans. We do not have loans to borrowers that cause management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms for the periods presented other than those already designated as impaired loans. All of our impaired loans are designated as nonaccrual loans. See Item 11. Quantitative and Qualitative Disclosures about Market Risk Credit Risk Management for descriptions of our self-assessment procedures and our internal credit rating system.

Our credit management activities consist of activities such as efforts to provide management consultation to support borrowers business initiatives, to increase the quantity and enhance the quality of loan collateral, and to adjust loan balances to an appropriate level, when the borrower s credit quality is showing a decline. These activities can lead to improvements in obligor classifications through improvements in the business and financial condition of borrowers and, as a result, a reduction in allowance for loan losses.

We endeavor to remove impaired loans from our balance sheet within three years from the time when they are categorized through methods such as collection, charge-offs, disposal and improving the borrowers credit rating through restructuring efforts.

Loan modifications

Restructuring efforts are made through our various business revitalization support measures conducted based on requests from borrowers that are in a weakened state that require some form of support. When confronted with the decision of whether to agree to business revitalization support, which includes forgiveness of debt (including debt to equity swaps), reductions in stated interest rates to below market levels and postponement of payment of principal and/or interest (other than insignificant extensions), we carefully consider whether it is beneficial to our shareholders and depositors based on various factors such as whether (i) a legal reorganization process would significantly damage the obligor s business value so that there is a fear that the obligor will not be able to restructure its business, (ii) the restructuring plan is appropriate and is economically rational from the viewpoint of minimizing Mizuho s losses compared to other processes, (iii) both the management and shareholders of the obligor will clearly bear responsibility, and (iv) the allocation of losses among creditors is rational and highly justifiable. The triggers and factors that we review to identify restructured loans are modifications imposed by law or a court of law and alterations based on agreement with the borrower such as the reduction of the stated interest rate and forgiveness of debt (including debt to equity swaps), and we consider restructured loans, with respect to which concessions that it would not otherwise consider were granted to obligors in financial difficulty, as troubled debt restructuring. We consider the relevant obligors to be in financial difficulty when its rating based on our internal rating system is at E2 or below. The types of concessions that we would not otherwise consider include the various forms of business revitalization support described above. In general, troubled debt restructurings will return to non-impaired loans, as well as accrual status, when we determine that the borrower poses no problems regarding current certainty of debt fulfillment, i.e., the borrower qualifies for a rating of D or above based on our internal rating system. Based on our historical experience, it typically takes approximately 1.5 years for the troubled debt restructuring loans in nonaccrual status to be returned to accrual status.

We determine whether restructured loans other than troubled debt restructurings are impaired loans based on the application of our internal rating system as we do generally with respect to all obligors. We determine whether restructured loans are past due or current by comparing the obligors payments with the modified contract terms. The effect of the restructuring on the obligors is considered in developing the allowance based on the restructuring s effect on the estimation of future cash flows of such loans. At March 31, 2012, the balance of restructurings that are troubled debt restructurings was ¥733 billion, and the balance of restructurings that are not troubled debt restructurings was ¥226 billion. Also, the amount of charge-offs recorded as a result of troubled debt restructurings that were made during the fiscal year ended March 31, 2012 was ¥9 billion.

While we maintain basic guidelines covering restructured loans, we do not have any standardized modification programs. Instead, we apply various modifications as is appropriate for the specific circumstances of the obligor in question.

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Balance of impaired loans

The following table shows our impaired loans as of March 31, 2011 and 2012 based on classifications by domicile and industry segment:

	As of March 31,					
	2011		2012		Increase (decrease)	
	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 309	4.1%	¥ 297	3.9%	¥ (12)	(0.2)%
Construction and real estate	265	3.6	205	2.8	(60)	(0.8)
Services	108	2.5	119	3.0	11	0.5
Wholesale and retail	177	3.3	201	3.8	24	0.5
Transportation and communications	54	1.7	53	1.7	(1)	0.0
Banks and other financial institutions	3	0.1	12	0.3	9	0.2
Other industries	1	0.0	4	0.0	3	0.0
Individuals	290	2.4	264	2.2	(26)	(0.2)
Total domestic	1,207	2.2	1,155	2.1	(52)	(0.1)
Foreign	116	1.2	155	1.3	39	0.1
Total impaired loans	¥ 1,323	2.0	¥ 1,310	2.0	¥ (13)	0.0

Impaired loans decreased by ¥13 billion, or 1.0%, from the end of the previous fiscal year to ¥1,310 billion as of March 31, 2012. Impaired loans to domestic borrowers decreased by ¥52 billion due primarily to decreases in construction and real estate mainly as a result of upgrades and collections related to some borrowers, and in individuals, offset in part by an increase in wholesale and retail. Impaired loans to foreign borrowers increased by ¥39 billion, primarily in the Americas and Asia.

The percentage of impaired loans within gross total loans was 2.0% as of March 31, 2012 which is the same level compared to that as of March 31, 2011. The percentage of impaired loans net of allowance to gross total loans net of allowance increased from 0.92% as of March 31, 2011 to 0.96% as of March 31, 2012, as the percentage increase of impaired loans net of allowance exceeded that of gross total loans net of allowance as a result of a decrease of the balance of allowance for loan losses on non-impaired loans.

Allowance for Loan Losses

Calculation of allowance for loan losses

Our self-assessment and credit-rating procedures serve as the basis for determining the amount of the allowance for loan losses. The specific methods of calculating the allowance for each category of obligors are as follows:

Normal and watch obligors	A formula allowance is calculated separately for obligors with small balance, homogenous loans and for each credit rating category of corporate obligors by multiplying the loan balance with the applicable default ratio (based on internal historical data as well as data provided by third-party credit rating agencies) and the applicable average impairment ratio on defaulted loans (based on internal historical data).

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Special attention obligors	The allowance for special attention obligors is generally calculated individually based on the present value of expected future cash flows discounted at the loan s initial effective interest rate. A formula allowance for certain special attention obligors is calculated by grouping the loans to such obligors and applying the formula described above for normal and watch obligors but using the default ratio and average impairment ratio specific to this category.
Intensive control obligors	The allowance for intensive control obligors is generally calculated individually based on the present value of expected future cash flows discounted at the loan s initial effective interest rate, based on the loan s observable market price, or based on the fair value of the collateral if the loan is collateral dependent. The allowance for certain intensive control obligors is calculated by grouping the loans to such obligors and multiplying the amount of loans less estimated collateral value by the default ratio and average impairment ratio specific to this category.
Substantially bankrupt and bankrupt obligors	The allowance is calculated individually and is equal to loan balance, less estimated collateral value.

Balance of allowance for loan losses

The following table summarizes the allowance for loan losses by component and as a percentage of the corresponding loan balance as of March 31, 2011 and 2012:

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of yen, except percentages)		
Allowance for loan losses on impaired loans (A)	¥ 334	¥ 357	¥ 23
Allowance for loan losses on non-impaired loans (B)	401	326	(75)
Total allowance for loan losses (C)	735	683	(52)
Impaired loans requiring an allowance for loan losses (D)	1,028	1,079	51
Impaired loans not requiring an allowance for loan losses (E)	295	231	(64)
Non-impaired loans[(1)] (F)	63,448	64,769	1,321
Gross total loans (G)	¥ 64,771	¥ 66,079	¥ 1,308
Percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance (A)/(D)x100	32.45%	33.07%	0.62%
Percentage of allowance for loan losses on non-impaired loans against the balance of non-impaired loans (B)/(F)x100	0.63	0.50	(0.13)
Percentage of total allowance for loan losses against gross total loans (C)/(G)x100	1.13	1.03	(0.10)

Note:

(1) Non-impaired loans refer to loans categorized as normal obligors and watch obligors (excluding special attention obligors) under our internal rating system.

Allowance for loan losses decreased by ¥52 billion from the end of the previous fiscal year to ¥683 billion as of March 31, 2012. This decrease was due to a decrease of ¥75 billion in the allowance for loan losses on non-impaired loans, due primarily to upgrades in the obligor categories of a broad range of borrowers mainly

through our credit management activities, including business revitalization support for borrowers, the effect of which was enhanced against a backdrop of the improving domestic economic environment as described in Overview Operating Environment, reflecting the continuing gradual recovery of the Japanese economy, offset in part by an increase of ¥23 billion in the allowance for loan losses on impaired loans, due mainly to an increase in foreign impaired loans requiring allowance for loan losses primarily in the Americas and Asia. As a result, the percentage of total allowance for loan losses against gross total loans decreased by 0.10% to 1.03%, and the percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance increased by 0.62% to 33.07%.

The primary factors behind the gap between the 7.1% decrease in allowance for loan losses and the 2.0% increase in the balance of loans in the fiscal year ended March 31, 2012 compared to the previous fiscal year consisted mainly of (i) the decrease in allowance for loan losses on non-impaired loans, due primarily to upgrades in the obligor categories of a broad range of existing borrowers, and (ii) the increase in the balance of loans resulting from an increase in loans to foreign borrowers, mainly in Asia, offset in part by a decrease in loans to domestic borrowers in almost all industry categories.

In the fiscal year ended March 31, 2012, impaired loans decreased by 1.0% because the decrease in domestic impaired loans more than offset the increase in foreign impaired loans. Meanwhile, allowance for loan losses on impaired loans increased by 6.9%. The primary factor underlying this difference was that most of the increase in impaired loans to foreign borrowers led to an increase in allowance for loan losses whereas the decrease in impaired loans to domestic borrowers did not lead to a similar decrease in allowance for loan losses because the decrease in impaired loans to domestic borrowers consisted of those not requiring an allowance for loan losses.

As for the decrease of 3.5% in the coverage ratio for impaired loans, this was due to how the percentage decrease of allowance for loan losses was greater than the percentage decrease in the amount of impaired loans as described in the paragraph above.

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Provision for loan losses

The following table summarizes changes in our allowance for loan losses, including a breakdown of charge-offs and recoveries by domicile and industry segment, in the fiscal years ended March 31, 2011 and 2012:

	Fiscal years ended March 31, 2011	2012	Increase (decrease)
	(in billions of yen)		
Allowance for loan losses at beginning of fiscal year	¥ 880	¥ 735	¥ (145)
Provision (credit) for loan losses	1	(23)	(24)
Charge-offs:			
Domestic:			
Manufacturing	20	18	(2)
Construction and real estate	20	7	(13)
Services	20	7	(13)
Wholesale and retail	28	14	(14)
Transportation and communications	59	2	(57)
Banks and other financial institutions	1	1	0
Other industries	1	2	1
Individuals	17	19	2
Total domestic charge-offs	166	70	(96)
Foreign	19	10	(9)
Total charge-offs	185	80	(105)
Recoveries:			
Domestic:			
Manufacturing	7	12	5
Construction and real estate	14	12	(2)
Services	5	4	(1)
Wholesale and retail	5	9	4
Transportation and communications	1	2	1
Banks and other financial institutions	1	1	0
Other industries	0	0	0
Individuals	2	3	1
Total domestic recoveries	35	43	8
Foreign	13	9	(4)
Total recoveries	48	52	4
Net charge-offs	137	28	(109)
Others[1]	(9)	(1)	8
Balance at end of fiscal year	¥ 735	¥ 683	¥ (52)

Note:

(1) Others include primarily foreign exchange translation.

We recorded a credit for loan losses of ¥23 billion in the fiscal year ended March 31, 2012 compared to a provision for loan losses of ¥1 billion in the fiscal year ended March 31, 2011. The change was due primarily to upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, the effect of which was enhanced against a backdrop of the improving domestic economic environment as described in Overview Operating Environment, reflecting the continuing gradual recovery of the Japanese economy.

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Charge-offs decreased by ¥105 billion from the previous fiscal year to ¥80 billion for the fiscal year ended March 31, 2012. Charge-offs of domestic loans decreased by ¥96 billion compared to the previous fiscal year to ¥70 billion in the fiscal year ended March 31, 2012 due mainly to the absence of loan forgiveness towards a large borrower and its subsidiaries during the fiscal year ended March 31, 2011. Charge-offs of foreign loans decreased by ¥9 billion compared to the previous fiscal year to ¥10 billion in the fiscal year ended March 31, 2012.

Recoveries increased by ¥4 billion from the previous fiscal year to ¥52 billion in the fiscal year ended March 31, 2012, reflecting an increase in recoveries with respect to domestic loans offset in part by a decrease with respect to foreign loans.

Investments

The majority of our investments are available-for-sale securities, which at March 31, 2011 and 2012 were as follows:

	As of March 31,								
	2011			2012			Increase (decrease)		
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains	Amortized cost	Fair value	Net unrealized gains
	(in billions of yen)								
Available-for-sale securities:									
Debt securities	¥ 35,756	¥ 35,716	¥ (40)	¥ 38,405	¥ 38,467	¥ 62	¥ 2,649	¥ 2,751	¥ 102
Japanese government bonds	29,280	29,213	(67)	32,629	32,647	18	3,349	3,434	85
Other than Japanese government bonds	6,476	6,503	27	5,776	5,820	44	(700)	(683)	17
Equity securities (marketable)	1,919	2,833	914	1,832	2,792	960	(87)	(41)	46
Total	¥ 37,675	¥ 38,549	¥ 874	¥ 40,237	¥ 41,259	¥ 1,022	¥ 2,562	¥ 2,710	¥ 148

Available-for-sale securities increased by ¥2,710 billion from the end of the previous fiscal year to ¥41,259 billion at March 31, 2012. This increase was due primarily to an increase in Japanese government bonds with relatively shorter remaining periods ranging from one year through five years, offset in part by a decrease in other than Japanese government bonds, primarily corporate bonds and other debt securities due to the sales and redemptions of such securities. See note 4 to our consolidated financial statements included elsewhere in this annual report for details of other investments included within investments.

Cash and Due from Banks

Cash and due from banks decreased by ¥667 billion from the end of the previous fiscal year to ¥1,217 billion at March 31, 2012. The decrease was due to net cash used in operating activities of ¥1,789 billion and net cash used in investing activities of ¥1,843 billion offset in part by net cash provided by financing activities of ¥2,966 billion.

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Liabilities

The following table shows our liabilities as of March 31, 2011 and 2012:

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of yen)		
Deposits	¥ 89,216	¥ 91,234	¥ 2,018
Debentures	741		(741)
Due to trust accounts	629	560	(69)
Call money and funds purchased	5,095	5,669	574
Payables under repurchase agreements	11,498	12,173	675
Payables under securities lending transactions	5,608	7,841	2,233
Commercial paper	202	213	11
Other short-term borrowings	14,949	13,737	(1,212)
Trading account liabilities	16,696	16,977	281
Bank acceptances outstanding	74	77	3
Income taxes payable	16	34	18
Deferred tax liabilities	13	16	3
Accrued expenses	181	177	(4)
Long-term debt	8,953	8,462	(491)
Other liabilities	4,079	4,545	466
Total liabilities	¥ 157,950	¥ 161,715	¥ 3,765

Total liabilities increased by ¥3,765 billion from the end of the previous fiscal year to ¥161,715 billion at March 31, 2012. This increase was due primarily to an increase of ¥2,212 billion in short-term borrowings and an increase of ¥2,018 billion in deposits, offset in part by a decrease of ¥741 billion in debentures. Short-term borrowings include due to trust accounts, call money and funds purchased, payables under repurchase agreements, payables under securities lending transactions, commercial paper and other short-term borrowings.

Deposits

The following table shows a breakdown of our deposits as of March 31, 2011 and 2012:

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of yen)		
Domestic:			
Noninterest-bearing deposits	¥ 12,232	¥ 11,357	¥ (875)
Interest-bearing deposits	67,632	68,670	1,038
Total domestic deposits	79,864	80,027	163
Foreign:			
Noninterest-bearing deposits	581	611	30
Interest-bearing deposits	8,771	10,596	1,825
Total foreign deposits	9,352	11,207	1,855
Total deposits	¥ 89,216	¥ 91,234	¥ 2,018

Deposits increased by ¥2,018 billion from the end of the previous fiscal year to ¥91,234 billion at March 31, 2012. Domestic deposits increased by ¥163 billion from March 31, 2011 to ¥80,027 billion at March 31, 2012. Domestic noninterest-bearing deposits, mainly from Japanese companies, decreased by ¥875 billion to ¥11,357 billion at March 31, 2012, primarily because corporations, mainly large ones, had favored securing increased amounts of cash against the risk of lack of liquidity as a result of the Great East Japan Earthquake at the end of the previous fiscal year, and interest-bearing deposits, mainly from individuals, increased by ¥1,038 billion from

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the end of the previous fiscal year to ¥68,670 billion at March 31, 2012. Foreign deposits increased by ¥1,855 billion from the end of the previous fiscal year to ¥11,207 billion due mainly to an increase in interest-bearing deposits, primarily certificates of deposit.

Debentures

Debentures decreased by ¥741 billion from the end of the previous fiscal year to nil at March 31, 2012. In Japan, certain banks are entitled to issue discount and coupon debentures in the domestic market under applicable banking laws. Mizuho Corporate Bank and Mizuho Bank had benefited from such entitlement originally held by The Industrial Bank of Japan, one of our predecessor banks. However, neither are able to issue debentures beginning April 2012 due to applicable regulations.

Short-term Borrowings

The following table shows a breakdown of our short-term borrowings as of March 31, 2011 and 2012:

	As of March 31,								
	2011			2012			Increase (decrease)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in billions of yen)								
Due to trust accounts	¥ 629	¥	¥ 629	¥ 560	¥	¥ 560	¥ (69)	¥	¥ (69)
Call money and funds purchased, and payables under repurchase agreements and securities lending transactions	11,403	10,798	22,201	13,758	11,925	25,683	2,355	1,127	3,482
Commercial paper	130	72	202	115	98	213	(15)	26	11
Other short-term borrowings	14,817	132	14,949	13,557	180	13,737	(1,260)	48	(1,212)
Total short-term borrowings	¥ 26,979	¥ 11,002	¥ 37,981	¥ 27,990	¥ 12,203	¥ 40,193	¥ 1,011	¥ 1,201	¥ 2,212

Short-term borrowings increased by ¥2,212 billion from the end of the previous fiscal year to ¥40,193 billion at March 31, 2012. Domestic short-term borrowings increased by ¥1,011 billion due mainly to an increase in payables under securities lending transactions offset in part by a decrease in other short-term borrowings from the Bank of Japan. Foreign short-term borrowings increased by ¥1,201 billion due mainly to an increase in payables under repurchase agreements.

Equity

The following table shows a breakdown of equity as of March 31, 2011 and 2012:

	As of March 31,		Increase
	2011	2012	(decrease)
	(in billions of yen)		
MHFG shareholders equity:			
Preferred stock	¥ 454	¥ 410	¥ (44)
Common stock	5,164	5,428	264
Accumulated deficit	(2,046)	(1,606)	440
Accumulated other comprehensive income, net of tax	105	246	141
Treasury stock, at cost	(3)	(7)	(4)
Total MHFG shareholders equity	3,674	4,471	797
Noncontrolling interests	362	176	(186)
Total equity	¥ 4,036	¥ 4,647	¥ 611

Equity increased by ¥611 billion from the end of the previous fiscal year to ¥4,647 billion due mainly to a decrease in accumulated deficit and an increase in common stock, offset in part by a decrease in noncontrolling interests.

Common stock increased by ¥264 billion from the end of the previous fiscal year to ¥5,428 billion at March 31, 2012 primarily as a result of the issuance of new shares of common stock related to the share exchanges conducted to turn Mizuho Trust & Banking, Mizuho Securities and Mizuho Investors Securities into wholly-owned subsidiaries of Mizuho Financial Group in September 2011. See Overview Others Turning Mizuho Trust & Banking, Mizuho Securities and Mizuho Investors Securities into Wholly-owned Subsidiaries.

Accumulated deficit decreased by ¥440 billion from the end of the previous fiscal year to ¥1,606 billion at March 31, 2012. This decrease was due primarily to net income attributable to MHFG shareholders for the fiscal year ended March 31, 2012 of ¥656 billion offset in part by dividend payments of ¥216 billion.

Accumulated other comprehensive income, net of tax increased by ¥141 billion from the end of the previous fiscal year to ¥246 billion at March 31, 2012 due primarily to an increase in unrealized net gains on available-for-sale securities of ¥115 billion and an improvement in pension liability adjustments of ¥31 billion.

Preferred stock decreased by ¥44 billion from the end of the previous fiscal year to ¥410 billion at March 31, 2012 as a result of the conversion of preferred stock to common stock.

Treasury stock, at cost, increased by ¥4 billion from the end of the previous fiscal year to ¥7 billion at March 31, 2012.

Noncontrolling interests decreased by ¥186 billion from the end of the previous fiscal year to ¥176 billion at March 31, 2012 primarily as a result of turning Mizuho Trust & Banking, Mizuho Securities and Mizuho Investors Securities into wholly-owned subsidiaries of Mizuho Financial Group in September 2011.

Liquidity

We continuously endeavor to enhance the management of our liquidity profile and strengthen our capital base to meet our customers loan requirements and deposit withdrawals and respond to unforeseen situations such as adverse movements in stock, foreign currency, interest rate and other markets or changes in general domestic or international conditions.

Deposits and debentures, based on our broad customer base and brand recognition in Japan, have been our primary sources of liquidity. Our total deposits increased by ¥2,018 billion, or 2.3%, from the end of the previous fiscal year to ¥91,234 billion as of March 31, 2012. Our average balance of deposits for the fiscal year ended March 31, 2012 of ¥89,265 billion exceeded our average balance of loans for the same period by ¥24,161 billion. We invested the excess portion primarily in marketable securities and other high liquidity assets. Although debentures were formerly a primary source of liquidity, our reliance on debentures has substantially ceased as we are no longer able to issue debentures as of April 2012 due to applicable regulations.

Secondary sources of liquidity include short-term borrowings such as call money and funds purchased and payables under repurchase agreement. We also issue long-term debt, including both senior and subordinated debt, as additional sources for liquidity. We utilize short-term borrowings to diversify our funding sources and to manage our funding costs. We raise subordinated long-term debt mainly for purposes of enhancing our capital adequacy ratios. We believe we are able to access such sources of liquidity on a stable and flexible basis based on our current credit ratings. The following table shows credit ratings assigned to our principal banking subsidiaries by S&P and Moody s as of June 30, 2012:

	As of June 30, 2012					
	S&P			Moody s		
	Long-term	Short-term	Stand-alone credit profile[1]	Long-term[2]	Short-term	Financial strength[3]
Mizuho Corporate Bank	A+[4]	A-1	a	A1	P-1	C-
Mizuho Bank	A+[4]	A-1	a	A1	P-1	C-
Mizuho Trust & Banking	A+[4]	A-1	a	A1	P-1	C-

Notes:

(1) On November 29, 2011, S&P withdrew the bank fundamental strength ratings on our principal banking subsidiaries. Accordingly, stand-alone credit profile information is provided in the above table in lieu of bank fundamental strength ratings.
(2) On August 24, 2011, Moody s downgraded the long-term deposit and debt ratings of almost all Japanese banks, including those of our principal banking subsidiaries.
(3) On November 24, 2011, Moody s upgraded the financial strength ratings on our principal banking subsidiaries from D+ to C-.
(4) Negative outlook.

We source our funding in foreign currencies primarily from foreign governments, financial institutions and institutional investors, through short-term and long-term financing, under terms and pricing commensurate with our credit ratings above. In the event of future declines in our credit quality or that of Japan in general, we expect to be able to purchase foreign currencies in sufficient amounts using the yen funds raised through our domestic customer base. As further measures to support our foreign currency liquidity, we hold foreign debt securities, maintain credit lines and swap facilities denominated in foreign currencies and pledge collateral to the U.S. Federal Reserve Bank to support future credit extensions.

We maintain management and control systems to support our ability to access liquidity on a stable and cost-effective basis. For a description of our management of liquidity risk, see Item 11. Quantitative and Qualitative Disclosures about Market Risk Market and Liquidity Risk Management.

Capital Adequacy

All yen figures and percentages in this subsection are truncated. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

Regulatory Capital Requirements

Mizuho Financial Group and its principal banking subsidiaries are subject to regulatory capital requirements administered by the Financial Services Agency in accordance with the provisions of the Banking Law and related regulations. Failure to meet minimum capital requirements may initiate certain mandatory actions by regulators that, if undertaken, could have a direct material effect on our consolidated financial statements.

Basel II

The capital adequacy guidelines applicable to Japanese banks and bank holding companies with international operations supervised by the Financial Services Agency closely follow the risk-adjusted approach

proposed by the Bank for International Settlements (BIS) and are intended to further strengthen the soundness and stability of Japanese banks. Effective March 31, 2007, new guidelines were implemented by the Financial Services Agency to comply with the new capital adequacy requirements set by BIS called Basel II. The framework of Basel II is based on the following three pillars: minimum capital requirements; supervisory review; and market discipline.

Under the first pillar, the capital ratio is calculated by dividing regulatory capital, or risk-based capital, by risk-weighted assets. With respect to the calculation of risk-weighted assets, Mizuho Financial Group adopts the advanced internal ratings-based approach. Under such approach, balance sheet assets and off-balance sheet exposures, calculated under Japanese GAAP, are assessed in terms of credit risk according to risk components such as probability of default and loss given default, which are derived from our own internal credit experience. In addition to credit risk, banks are required to measure and apply capital charges with respect to their market risks. Market risk is defined as the risk of losses in on- and off-balance-sheet positions arising from movements in market prices. Operational risk, which was introduced under Basel II with respect to regulatory capital requirements, is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Mizuho Financial Group adopts the advanced measurement approach for the measurement of operational risk equivalent by taking account of the following four elements: internal loss data; external loss data; scenario analysis; and business environment and internal control factors.

With regard to risk-based capital, these guidelines are consistent with the original BIS framework, or Basel I, in requiring a target minimum standard capital adequacy ratio of 8%, at least half of which must consist of Tier 1 capital, on both a consolidated and non-consolidated basis for banks with international operations, such as Mizuho Corporate Bank and Mizuho Trust & Banking, or on a consolidated basis for bank holding companies with international operations, such as Mizuho Financial Group.

Risk-based capital, calculated from financial statements prepared under Japanese GAAP, is classified into the following three tiers: Tier 1 capital; Tier 2 capital; and Tier 3 capital. Tier 1 capital generally consists of shareholders equity less any recorded goodwill, unrealized losses (net of taxes) on valuation of certain securities classified as other securities under Japanese GAAP which is similar to available-for-sale securities under U.S.GAAP, consolidation adjustment accounts and others. Tier 2 capital generally consists of the following components:

- general reserve for possible losses on loans, equaling the sum of (i) the excess of the amount of qualified reserves over the amount of expected losses and (ii) the amount of general reserves calculated based on the standardized approach;
- 45% of each of the unrealized gains on other securities and the unrealized appreciation in the value of land;
- the balance of subordinated perpetual debt; and
- the balance of subordinated term debt with an original maturity of over five years and preferred term shares up to 50% of Tier 1 capital.

Tier 2 capital may be included in a bank s risk-based capital up to the amount equivalent to Tier 1 capital, less Tier 3 capital if market risk is taken into account in the capital adequacy ratio calculation. Tier 3 capital consists of the balance of subordinated term debt with original maturity of at least two years. Tier 3 capital may be included in total risk-based capital subject to certain conditions, depending on the measure for market risk equivalent and the amount of Tier 1 capital.

Japanese banks are also required to comply with the supervisory review process (second pillar) and disclosure requirements for market discipline (third pillar). Under the second pillar, banks are required to maintain adequate capital to support all of the major risks in their business and are encouraged to develop and use better risk management techniques in monitoring and managing such risks. Under the third pillar, banks are

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required to enhance disclosure, including disclosure of details of the capital adequacy ratio, the amount of each type of risk and the method of calculation used so that the market may make more effective evaluations.

Japanese banks with only domestic operations, such as Mizuho Bank, are subject to Japanese capital adequacy requirements that are similar to those discussed above, except that domestic banks are required to maintain a minimum capital adequacy ratio of 4%, at least half of which must consist of Tier 1 capital, on both a consolidated and non-consolidated basis.

In May 2011, the capital adequacy guidelines were revised by the Financial Services Agency to comply with the package of measures to enhance the Basel II framework approved by the Basel Committee on Banking Supervision in July 2009. The new guidelines include the strengthening of rules governing trading book capital and the strengthening of treatment of certain securitizations under the first pillar. The new guidelines have been effective since the end of December 2011.

If the capital adequacy ratio of a financial institution falls below the required level, the Financial Services Agency may, depending upon the extent of capital deterioration, take certain corrective action, including requiring the financial institution to submit an improvement plan to strengthen its capital base, reduce its total assets, restrict its business operations or other actions that could have a material effect on its financial statements.

Basel III

In December 2010, the Basel Committee issued the Basel III rules text (later revised in June 2011), which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed by the Governors and Heads of Supervision and endorsed by the G20 Leaders at the Seoul summit in November 2010. The rules text sets out higher and better-quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirement, measures to promote the build up of capital that can be drawn down in periods of stress, and the introduction of two global liquidity standards, as summarized below. In March 2012, the Financial Services Agency published revisions to its capital adequacy guidelines to be applied from March 31, 2013, which reflect certain rules in the Basel III text that are scheduled to be applied from January 1, 2013.

Tier 1 capital is to consist of Common Equity Tier 1 and Additional Tier 1 capital. The minimum requirement for Common Equity Tier 1 capital will be raised in phases from 3.5% of risk-weighted assets in January 2013 to 4.5% when fully effective in January 2015. Thereafter, a capital conservation buffer, to be met with Common Equity Tier 1 capital after the application of deductions, will be phased in beginning January 2016 at 0.625% until becoming fully effective in January 2019 at 2.5%. Thus the Common Equity Tier 1 requirement, including capital conservation buffer, will be 7.0% beginning January 2019. In addition, subject to national discretion by the respective regulatory authorities, a countercyclical buffer ranging from 0% to 2.5%, consisting of Common Equity Tier 1 or other fully loss absorbing capital, would also be imposed on banking organizations through an extension of the capital conservation buffer when the relevant national authority judges a period of excess credit growth to be leading to the build up of system-wide risk. The countercyclical buffer for internationally active banks will be a weighted average of the buffers deployed across all the jurisdictions to which it has credit exposures. Moreover, capital instruments that will no longer qualify as non-Common Equity Tier 1 capital or Tier 2 capital under Basel III, which includes our existing preferred securities and subordinated debt (the amounts thereof included within regulatory capital as of March 31, 2012 being ¥1,859.6 billion and ¥1,593.2 billion, respectively) will be phased out beginning January 2013 by increments of 10% until becoming fully effective in January 2022.

Regulatory adjustments are to be applied mainly to the calculation of Common Equity Tier 1 in the form of the deductions and prudential filters related to the following:

- Goodwill and other intangibles

- Deferred tax assets

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Cash flow hedge reserve that relates to the hedging of items that are not fair valued on the balance sheet

Shortfall of the stock of provisions to expected losses under the IRB approach

Gain on sale related to securitization transactions

Cumulative gains and losses due to changes in own credit risk on fair valued financial liabilities

Defined benefit pension fund assets and liabilities

Treasury stock

Reciprocal cross holdings of capital of banking, financial and insurance entities

Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation
Regulatory adjustments would be fully deducted in the calculation of Common Equity Tier 1 capital by January 2018. The regulatory adjustments will begin at 20% of the required deductions in the calculation of Common Equity Tier 1 capital in January 2014 and will be increased by 20% increments per year through January 2018 when the regulatory adjustments reach 100%. During this transition period, the remainder not deducted from capital will continue to be subject to existing national treatments.

The above capital requirements, buffers and regulatory adjustments will be phased in over a transitional period as follows (italicized percentages indicates those during transition periods):

	January 2013	January 2014	January 2015	January 2016	January 2017	January 2018	January 2019	January 2020	January 2021	January 2022
Minimum Common Equity Tier 1 capital(1)	*3.5%*	*4.0%*	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Minimum Tier 1 capital(1)	*4.5%*	*5.5%*	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum total capital(1)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Capital conservation buffer	*0.0%*	*0.0%*	*0.0%*	*0.625%*	*1.25%*	*1.875%*	2.5%	2.5%	2.5%	2.5%
Phase out of recognition of capital instruments that no longer qualify as capital(1)	*90.0%*	*80.0%*	*70.0%*	*60.0%*	*50.0%*	*40.0%*	*30.0%*	*20.0%*	*10.0%*	0.0%
Phase-in of deductions from capital(1)	*0.0%*	*20.0%*	*40.0%*	*60.0%*	*80.0%*	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

(1) These measures are included in the revisions to capital adequacy guidelines to be applied from March 31, 2013 published by the Financial Services Agency. Based on such guidelines, the relevant phase-in dates will be in March (and not January) of the years indicated in the above table. Financial Services Agency guidelines related to the remaining Basel III measure have not yet been published.

A non-risk based leverage ratio that is calibrated to act as a credible supplementary measure to the risk based capital requirements will be introduced. During the parallel run period from January 2013 to January 2017, the Basel Committee will test a minimum Tier 1 leverage ratio of 3%. Bank level disclosure of the leverage ratio and its components will start in January 2015. Based on the results of the parallel run period, any final adjustments to the definition and calibration of the leverage ratio will be carried out in the first half of 2017, with a view to migrating to a Pillar 1 treatment in January 2018 based on appropriate review and calibration.

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Two minimum standards for funding liquidity will be introduced. The liquidity coverage ratio (LCR) is intended to promote resilience to potential liquidity disruptions over a thirty day horizon and help ensure that global banks have sufficient unencumbered, high-quality assets to offset the net cash outflows it could encounter under an acute short-term stress scenario. The net stable funding ratio (NSFR) requires a minimum amount of stable sources of funding at a bank relative to the liquidity profiles of the assets, as well as the potential for contingent liquidity needs arising from off-balance sheet commitments, over a one-year horizon. After an observation period beginning in 2011, minimum standards for LCR and NSFR will be introduced in January 2015 and January 2018, respectively. The Basel Committee will put in place rigorous reporting processes to monitor the ratios during the observation period.

The calculation method of risk-weighted assets will be revised, including modification to the treatment of counterparty credit risk, such as the capital charge for the credit valuation adjustment risk.

In November 2011, the Financial Stability Board announced policy measures to address systemically important financial institutions (SIFIs), which were endorsed by the G20 leaders at the Cannes summit in November 2011. The Common Equity Tier 1 requirement, including the capital conservation buffer, will be 7.0% of risk-weighted assets beginning January 2019. The policy measures include requirements for banks determined to be globally systemically important to have additional loss absorption capacity tailored to the impact of their default, ranging from 1% to 2.5% of risk-weighted assets, to be met with Common Equity Tier 1. The additional loss absorbency requirements will initially apply to those banks identified in November 2014 as globally systemically important. They will be phased in starting in January 2016 with full implementation by January 2019. Also in November 2011, the Financial Stability Board named an initial group of G-SIFIs, which included us. The group of G-SIFIs will be updated annually and published by the Financial Stability Board each November.

Unless otherwise specified, the regulatory capital information set forth in this Capital Adequacy is based on the current Basel II rules.

Consolidated Capital Adequacy Ratios

Our capital adequacy ratios as of March 31, 2011 and 2012 calculated in accordance with Japanese GAAP and guidelines established by the Financial Services Agency are as set forth in the following table:

	As of March 31,		Increase
	2011	2012	(decrease)
	(in billions of yen, except percentages)		
Tier 1 capital	¥ 6,170.2	¥ 6,397.8	¥ 227.6
Tier 2 capital included as qualifying capital	2,103.4	1,745.1	(358.2)
Deductions for total risk-based capital	(362.6)	(370.0)	(7.4)
Total risk-based capital	¥ 7,910.9	¥ 7,772.9	¥ (138.0)
Risk-weighted assets	¥ 51,693.8	¥ 50,165.9	¥ (1,527.9)
Tier 1 capital ratio	11.93%	12.75%	0.82%
Required Tier 1 ratio	4.00	4.00	
Capital adequacy ratio	15.30	15.49	0.19
Required capital adequacy ratio	8.00	8.00	

Our capital adequacy ratio as of March 31, 2012 was 15.49%. Our Tier 1 capital ratio as of March 31, 2012 was 12.75% due to an increase in Tier 1 capital as well as a decrease in our risk-weighted assets. Tier 1 capital increased due mainly to an increase in retained earnings as a result of recording net income for the fiscal year ended March 31, 2012 offset in part by the reduction in minority interest in consolidated subsidiaries due to redemptions in June 2011 of non-dilutive preferred securities issued by one of our overseas special purpose

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companies. Risk-weighted assets decreased by ¥1,527.9 billion to ¥50,165.9 billion as of the end of the fiscal year ended March 31, 2012 due mainly to an improvement in our loan asset portfolio and a decrease in exposures to equities and securitization products. We believe that we were in compliance with all capital adequacy requirements to which we were subject as of March 31, 2012.

Capital

The following table shows a breakdown of our total risk-based capital as of March 31, 2011 and 2012:

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of yen)		
Tier 1 capital:			
Common stock and preferred stock	¥ 2,181.3	¥ 2,254.9	¥ 73.5
Capital surplus	937.6	1,109.7	172.1
Retained earnings	1,132.3	1,405.4	273.0
Minority interest in consolidated subsidiaries	2,269.6	1,941.4	(328.1)
Treasury stock	(3.1)	(7.0)	(3.8)
Dividends, etc	(140.0)	(76.3)	63.7
Unrealized losses on other securities	(7.0)		7.0
Foreign currency translation adjustments	(103.9)	(102.8)	1.0
Other	(96.5)	(127.5)	(30.9)
Total Tier 1 capital	¥ 6,170.2	¥ 6,397.8	¥ 227.6
Tier 2 capital:			
45% of unrealized gains on other securities	¥	¥ 45.1	¥ 45.1
45% of revaluation reserve for land	106.2	102.5	(3.7)
General reserve for possible losses on loans, etc	4.9	4.2	(0.7)
Debt capital, etc	1,992.2	1,593.2	(399.0)
Total Tier 2 capital	2,103.4	1,745.1	(358.2)
Tier 2 capital included as qualifying capital	2,103.4	1,745.1	(358.2)
Deductions for total risk-based capital	(362.6)	(370.0)	(7.4)
Total risk-based capital	¥ 7,910.9	¥ 7,772.9	¥ (138.0)

Our Tier 1 capital increased by ¥227.6 billion from ¥6,170.2 billion as of March 31, 2011 to ¥6,397.8 billion as of March 31, 2012. This increase was due mainly to an increase in retained earnings as a result of recording net income for the fiscal year ended March 31, 2012 offset in part by the reduction in minority interest in consolidated subsidiaries due to redemptions in June 2011 of non-dilutive preferred securities issued by one of our overseas special purpose companies.

Minority interest in consolidated subsidiaries included within our Tier 1 capital includes non-dilutive preferred securities issued by our overseas special purpose companies to investors. As of March 31, 2012, the amount of minority interest in consolidated subsidiaries within our Tier 1 capital that was attributable to such non-dilutive preferred securities was ¥1,859.6 billion. Although such non-dilutive preferred securities are perpetual in term, they are redeemable at our option, subject to prior approval from regulatory authorities, on, and on specified dates after, the relevant initial optional redemption date. The following table shows the initial optional redemption dates for the non-dilutive preferred securities included within our Tier 1 capital as of March 31, 2012 and the total amount of non-dilutive preferred securities with each such initial optional redemption date. The non-dilutive preferred securities are denominated in yen, unless otherwise noted.

Initial optional redemption date	Amount of non-dilutive preferred securities included within Tier 1 capital (in billions of yen)
June 2012	¥ 171.0[1]
June 2014	209.3[2]
June 2015	452.5
June 2016	449.2[3]
June 2018	274.5
June 2019	303.0

Notes:

(1) In June 2012, we redeemed all ¥171.0 billion of such non-dilutive preferred securities.
(2) Denominated in yen (¥139.5 billion) and dollars ($850.0 million).
(3) Denominated in yen (¥400.0 billion) and dollars ($600.0 million).

The following table shows the outstanding balances of preferred stock and non-dilutive preferred securities included in our Tier 1 capital as of the dates indicated:

	As of March 31,				
	2008	2009	2010	2011	2012
	(in billions of yen, except percentages)				
Preferred stock	¥ 980.4	¥ 948.6[1]	¥ 535.9[1]	¥ 453.5[1]	¥ 410.3[1][2]
Non-dilutive preferred securities	1,539.7	1,886.8	1,937.8	1,919.8	1,859.6[3]
Percentage within Tier 1 capital	51.6%	75.3%	47.8%	38.4%	35.4%

Notes:

(1) Excludes treasury stock.
(2) During the period from April 1, 2012 to June 30, 2012, holders of our eleventh series class XI preferred stock converted 910,000 shares (or ¥0.9 billion) by requesting us to acquire the preferred stock and issue common stock to them.
(3) In June 2012, we redeemed ¥171.0 billion of non-dilutive preferred securities.

Our Tier 2 capital included as qualifying capital as of March 31, 2012 was ¥1,745.1 billion, a decrease of ¥358.2 billion compared to March 31, 2011. The decrease was due mainly to a net decrease in debt capital.

As a result of the above, together with deductions of ¥370.0 billion, total risk-based capital as of March 31, 2012 was ¥7,772.9 billion, a decrease of ¥138.0 billion compared to March 31, 2011.

Prime Capital

Alongside the regulatory capital requirements supervised by the Financial Services Agency, we calculate and monitor prime capital as our important management indicator. Prime capital is calculated as Tier 1 capital less the sum of the preferred securities and preferred stock (excluding mandatory convertible preferred stock),

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and the prime capital ratio is the ratio of prime capital against risk-weighted assets. We believe that the presentation of prime capital provides useful information to investors regarding our financial condition because it represents a subset of Tier 1 capital that excludes capital items with relatively weaker loss absorption capabilities, namely preferred stock (other than preferred stock that is mandatorily convertible before the end of the transition period related to Basel III) and preferred securities, and thus provides a more useful measure of the adequacy of our capital.

Prime capital, a non-GAAP financial measure, differs in certain respects from Common Equity Tier 1 as set forth in the Basel III rules text issued by the Basel Committee in December 2010. See Capital Adequacy Regulatory Capital Requirements Basel III.

The following table shows a breakdown of our capital items as of March 31, 2011 and 2012:

	As of March 31, 2011	As of March 31, 2012
	(in billions of yen, except percentages)	
Tier 1 capital (i)	¥ 6,170.2	¥ 6,397.8
Preferred stock (ii)	453.5	410.3
Mandatory convertible preferred stock (iii)	416.8	373.6
Preferred securities (iv)	1,919.8	1,859.6
Prime capital (i) - (ii) + (iii) - (iv)	4,213.6	4,501.5
Risk-weighted assets	51,693.8	50,165.9
Tier 1 capital ratio	11.93%	12.75%
Prime capital ratio	8.15%	8.97%

Risk-weighted Assets

The following table shows a breakdown of our risk-weighted assets as of March 31, 2011 and 2012:

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of yen)		
Risk-weighted assets:			
On-balance-sheet items	¥ 38,958.0	¥ 37,683.9	¥ (1,274.0)
Off-balance-sheet items	8,039.0	7,481.4	(557.6)
Credit risk assets	46,997.1	45,165.4	(1,831.7)
Market risk equivalent assets	1,389.2	2,083.3	694.0
Operational risk equivalent assets	3,307.4	2,917.1	(390.2)
Adjusted floor amount			
Total	¥ 51,693.8	¥ 50,165.9	¥ (1,527.9)

Risk-weighted assets as of March 31, 2012 were ¥50,165.9 billion, representing a decrease of ¥1,527.9 billion compared to March 31, 2011. Credit risk assets decreased by ¥1,831.7 billion to ¥45,165.4 billion due mainly to an improvement in our loan asset portfolio and a decrease in exposures to equities and securitization products. Market risk equivalent assets increased by ¥694.0 billion to ¥2,083.3 billion due mainly to an introduction of stress VaR as a result of a revision of the Financial Services Agency s guidelines under Basel II. Operational risk equivalent assets decreased by ¥390.2 billion to ¥2,917.1 billion.

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Principal Banking Subsidiaries

Capital adequacy ratios of our principal banking subsidiaries, on a consolidated basis, as of March 31, 2011 and 2012, calculated in accordance with Japanese GAAP and guidelines established by the Financial Services Agency, were as set forth in the following table:

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
Mizuho Corporate Bank			
BIS standard:			
Tier 1 capital ratio	16.10%	15.86%	(0.24)%
Capital adequacy ratio	18.80	17.80	(1.00)
Mizuho Bank(1)			
Domestic standard:			
Tier 1 capital ratio	10.38	11.39	1.01
Capital adequacy ratio	14.91	15.52	0.61
BIS standard:			
Tier 1 capital ratio	10.10	11.32	1.22
Capital adequacy ratio	14.60	15.46	0.86
Mizuho Trust & Banking			
BIS standard:			
Tier 1 capital ratio	12.11	14.02	1.91
Capital adequacy ratio	16.34	18.26	1.92

Note:

(1) BIS standards apply only to banks with international operations. Because Mizuho Bank does not operate overseas, it is subject solely to domestic capital adequacy requirements. As such, information based on the BIS standards is included for reference purpose only.

We believe each of our principal banking subsidiaries was in compliance with all capital adequacy requirements to which it was subject as of March 31, 2012.

Our securities subsidiaries in Japan are also subject to the capital adequacy requirement under the Financial Instruments and Exchange Law. Under this requirement, securities firms must maintain a minimum capital adequacy ratio of 120% calculated as a percentage of capital accounts less certain assets, as determined in accordance with Japanese GAAP, against amounts equivalent to market, counterparty and basic risks. Specific guidelines are issued as a ministerial ordinance that details the definition of essential components of the capital ratios, including capital, disallowed assets and risks, and related measures. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. A capital ratio of less than 140% will call for regulatory reporting and a capital ratio of 100% or less may lead to a temporary suspension of all or part of the business operations and cancellation of the license to act as a securities broker and dealer. We believe, as of March 31, 2012, that our securities subsidiaries in Japan are in compliance with all capital adequacy requirements to which they are subject.

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Off-balance-sheet Arrangements

We engage in various types of off-balance-sheet arrangements in the ordinary course of our business to meet the financing needs of our customers. These arrangements include various guarantees and commitments. The following tables show the contractual or notional amounts of our guarantees and undrawn commitments as of March 31, 2011 and 2012:

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of yen)		
Guarantees:			
Performance guarantees	¥ 1,580	¥ 1,681	¥ 101
Guarantees on loans	539	502	(37)
Guarantees on securities	10	73	63
Other guarantees	872	997	125
Guarantees for the repayment of trust principal	249	184	(65)
Liabilities of trust accounts	8,144	8,313	169
Derivative financial instruments	30,567	28,620	(1,947)

	As of March 31, 2011	As of March 31, 2012	Increase (decrease)
	(in billions of yen)		
Commitments:			
Commitments to extend credit	¥ 50,436	¥ 52,438	¥ 2,002
Commercial letters of credit	465	536	71
Total commitments	¥ 50,901	¥ 52,974	¥ 2,073

See note 24 to our consolidated financial statements included elsewhere in this annual report for a description of the nature of the various types of guarantees and commitments.

The contractual or notional amounts of these instruments generally represent the maximum potential amounts of future payments without consideration of possible recoveries under recourse provisions or from collateral held. For example, the amount under commitments to extend credit does not necessarily equal the impact that such commitment will have on our future cash flow, because many of these commitments expire without our making actual credit extensions up to the full commitment amount or at all. Also, many of the agreements related to the commitments to extend credit include terms that allow us to refuse, or reduce the amount of, credit extensions based on changes in the financial environment, declines in the obligor s credit quality and other reasons. Finally, we receive collateral such as real estate and securities at the time of contract as we deem necessary, and we regularly review the credit quality of the customer based on internal guidelines and revise the terms of the contract as we deem necessary to manage credit risk.

Some of our off-balance-sheet arrangements are related to activities of special purpose entities, most of which are variable interest entities, including those that do not meet the consolidation requirements under ASC 810, Consolidation (ASC 810). These off-balance-sheet arrangements include the types of transactions discussed below.

Asset-backed Commercial Paper/Loan Programs

We manage several asset-backed commercial paper/loan programs that provide our clients off-balance-sheet and/or cost-effective financing. The variable interest entities used in the programs purchase financial assets, primarily receivables, from clients participating in the programs and provide liquidity through the issuance of commercial paper or borrowings from us backed by the financial assets. While customers normally continue to service the transferred receivables, we underwrite, distribute, and make a market in commercial paper issued by the conduits. We typically provide program-wide liquidity and credit support facilities and, in some instances, financing to the variable interest entities. We have the power to determine which assets will be held in the variable interest entities and have an obligation to monitor these assets. We are also responsible for liability management. In addition, through the liquidity and credit support facilities with the variable interest entities, we have the obligation to absorb losses that could potentially be significant to the variable interest entities. Therefore, we consolidated this type of variable interest entities.

Asset-backed Securitizations

We act as an arranger of various types of structured finance to meet clients off-balance-sheet financing needs. In substantially all of these structured financing transactions, the transfer of the financial asset by the client is structured to be bankruptcy remote by use of a bankruptcy remote entity, which is deemed to be a variable interest entity because its equity holder does not have decision making rights. We receive fees for structuring and/or distributing the securities sold to investors. In some cases, we ourselves purchase the securities issued by the entities and/or provide loans to the variable interest entities.

In addition, we establish several single-issue and multi-issue special purpose entities that issue collateralized debt obligations or collateralized loan obligations, synthetic collateralized debt obligations or collateralized loan obligations or other repackaged instruments to meet clients and investors financial needs. We also arrange securitization transactions including commercial mortgage-backed securities, residential mortgage-backed securities and others. In these transactions, we act as an underwriter, placement agent, asset manager, derivatives counterparty, and/or investor to debt and equity instruments.

In certain variable interest entities, where we provide liquidity and credit support facilities, write credit protection or invest in debt or equity instruments in our role as an arranger, servicer, administrator or asset manager, etc., we have the power to determine which assets will be held in the variable interest entities or to manage and monitor these assets. In addition, through the variable interests above, we have the obligation to absorb losses and the right to receive benefits that could potentially be significant to the variable interest entities. Therefore, we consolidated such variable interest entities.

In a certain securitization transaction where we had transferred mortgage loans to a former qualifying special-purpose entity, we, as continuing involvement, provide servicing for, hold retained subordinated beneficial interests in, and retain credit exposure in the form of a guarantee in the mortgage loans. Prior to April 1, 2010, this entity had been exempt from consolidation in accordance with the former accounting guidance. With elimination of the concept of qualifying special-purpose entities, we consolidated the entity as of April 1, 2010. In our role as a servicer, we have the power to direct the entity s activities that most significantly impact the entity s economic performance by managing defaulted mortgage loans. In addition, through the retained interest and the involvement as a guarantor above, we have the obligation to absorb losses and the right to receive benefits that could potentially be significant to the entity.

Investments in Securitization Products

We invest in, among other things, various types of collateralized debt obligations and collateralized loan obligations, synthetic collateralized debt obligations and collateralized loan obligations and repackaged instruments, commercial mortgage-backed securities and residential mortgage-backed securities arranged by third parties for the purpose of generating current income or capital appreciation, which all utilize entities that are deemed to be variable interest entities. By design, such investments were investment grade at issuance and held by a diverse group of investors. The loss amount of securities and loans is generally limited to the amount invested because we have no contractual involvement in such variable interest entities beyond our investments. Since we are involved in those variable interest entities only as an investor, we do not ordinarily have the power to direct the variable interest entities activities that most significantly impact the variable interest entities economic performance. However, we consolidated variable interest entities, where the transactions were tailored by the third party arrangers to meet our needs as a main investor, who is eventually deemed to have the power to determine which assets to be held in the variable interest entities.

Investment Funds

We invest in various investment funds including securities investment trusts, which collectively invest in equity and debt securities that include listed Japanese securities and investment grade bonds. Investment advisory companies or fund management companies, including our subsidiaries and affiliates, administer and make investment decisions over such investment funds. We consolidate certain investment funds where we are deemed to be the primary beneficiary. We have determined that certain investment vehicles managed by us are provided a deferral from the requirements of SFAS No.167, Amendments to FASB Interpretation No.46(R) (SFAS No.167) because they meet the criteria in ASU No.2010-10 Consolidation (Topic 810) Amendments for Certain Investment Funds (ASU No.2010-10). Therefore, these vehicles continue to be evaluated under the requirements of ASC 810 before implementing SFAS No.167.

Trust Arrangements

We offer a variety of asset management and administration services under trust arrangements including security investment trusts, pension trusts and trusts used in the securitization of assets originated by and transferred to third parties. We receive trust fees for providing services as an agent or fiduciary on behalf of beneficiaries.

With respect to guaranteed principal money trust products, we assume certain risks by providing guarantees for the repayment of principal as required by the trust agreements or relevant Japanese legislation. We manage entrusted funds primarily through the origination of high quality loans and other credit-related products, investing in investment grade marketable securities such as Japanese government bonds and placing cash with our subsidiary trust banks. We have the power to determine which assets will be held in the variable interest entities or to manage these assets. In addition, through the principal guarantee agreement, we have the obligation to absorb losses that could potentially be significant to the variable interest entities. Therefore, we consolidated this type of variable interest entities. However, we do not consolidate certain guaranteed principal money trusts, which invest all the entrusted funds in ourselves, as we have determined that we have no variable interests.

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Significant Unconsolidated Variable interest entities

The tables below summarize our involvement in significant unconsolidated variable interest entities as of March 31, 2011 and 2012:

As of March 31, 2011	Significant unconsolidated variable interest entities Total assets	Maximum exposure to loss
	(in billions of yen)	
Asset-backed commercial paper/loan programs	¥	¥
Asset-backed securitizations	680	44
Investments in securitization products		
Investment funds	1,841	266
Trust arrangements and other		
Total	¥ 2,521	¥ 310

As of March 31, 2012	Significant unconsolidated variable interest entities Total assets	Maximum exposure to loss
	(in billions of yen)	
Asset-backed commercial paper/loan programs	¥	¥
Asset-backed securitizations	582	33
Investments in securitization products		
Investment funds	2,455	334
Trust arrangements and other		
Total	¥ 3,037	¥ 367

Asset-backed commercial paper/loan programs include multi-seller programs managed by us, under which the related variable interest entities purchase various types of assets from our clients, consisting mainly of account and note receivables as well as credit card receivables, auto loans, leases and other receivables. Our involvement with variable interest entities for multi-seller programs is generally more significant than other types of variable interest entities in terms of liquidity support and credit enhancement obligations. All of the variable interest entities for our asset-backed commercial paper/loan programs to which we provided liquidity support or credit enhancements were consolidated variable interest entities as of March 31, 2012.

Other Types of Off-balance-sheet Arrangements

See note 26 to our consolidated financial statements included elsewhere in this annual report for further descriptions of variable interest entities and securitizations.

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Tabular Disclosure of Contractual Obligations

In the normal course of business, we enter into contractual obligations that require future cash payments. The following table sets forth a summary of our contractual cash obligations as of March 31, 2012:

	Due in one year or less	Due from one year to two years	Due from two years to three years	Due from three years to four years	Due from four years to five years	Due after five years	Total
				(in billions of yen)			
Time deposits	¥ 29,529	¥ 1,895	¥ 1,500	¥ 388	¥ 405	¥ 135	¥ 33,852
Certificates of deposit	11,824	1					11,825
Long-term debt	884	764	1,115	1,103	752	3,844	8,462
Operating leases	42	30	13	9	7	21	122
Total	¥ 42,279	¥ 2,690	¥ 2,628	¥ 1,500	¥ 1,164	¥ 4,000	¥ 54,261

Recent Accounting Pronouncements

See note 2 to our consolidated financial statements included elsewhere in this annual report.

Reconciliation with Japanese GAAP

Our consolidated financial statements are prepared in accordance with accounting principles and policies as summarized in note 1 to our consolidated financial statements included elsewhere in this annual report. These principles and policies differ in some respects from Japanese GAAP. Under Japanese banking regulations, we are required to report our annual financial results using financial statements prepared under Japanese GAAP. In addition, pursuant to the requirements of the Tokyo Stock Exchange, we prepare quarterly financial statements which are also under Japanese GAAP. To show the major reconciling items between our U.S. GAAP financial statements and our Japanese GAAP financial statements, we have provided below, with respect to our most recent fiscal year, a reconciliation of consolidated net income and shareholders equity under U.S. GAAP with those amounts under Japanese GAAP.

	As of and for the fiscal year ended March 31, 2012	
	Total MHFG shareholders equity	Net income attributable to MHFG shareholders
	(in billions of yen)	
U.S. GAAP	¥ 4,470.8	¥ 656.4
Differences arising from different accounting for:		
1. Derivative financial instruments and hedging activities	3.9	7.5
2. Investments	12.9	(16.0)
3. Loans	132.1	3.9
4. Allowances for loan losses and off-balance-sheet instruments	88.8	(8.0)
5. Premises and equipment	(35.7)	(1.1)
6. Real estate sales and leasebacks	20.3	(10.6)
7. Land revaluation	184.2	(4.6)
8. Business combinations	41.3	70.8
9. Noninterest-earning deposits made under government-led restructuring program		(28.9)
10. Pension liabilities	409.7	(50.8)
11. Consolidation of variable interest entities	30.7	10.3
12. Deferred taxes	(480.6)	(146.2)
13. Other	33.2	1.8

Japanese GAAP	¥ 4,911.6	¥ 484.5

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The following is a summary of the significant adjustments made to consolidated shareholders equity and net income, as shown in the above table, to reconcile the U.S. GAAP results with Japanese GAAP. The paragraphs below refer to the corresponding items set forth in the table above.

1. Derivative financial instruments and hedging activities

Under U.S. GAAP, for a derivative to qualify for hedge accounting, it must be highly effective at achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the particular risk being hedged. The hedging relationship must be designated and formally documented at inception. Such documentation must include the particular risk management objective and strategy for the hedge, the identification of the derivative used as the hedging instrument, the hedged item and the risk exposure being hedged and the method for assessing the hedge effectiveness. The criteria for designation and measurement of hedge effectiveness under U.S. GAAP are more rigorous than under Japanese GAAP. As a result, most of the eligible hedge derivatives under Japanese GAAP are accounted for as trading account assets or liabilities under U.S. GAAP with changes in fair value of the derivatives recognized in earnings.

Requirements for bifurcation of embedded derivatives differ between Japanese GAAP and U.S. GAAP. Embedded derivatives that are deemed to be clearly and closely related to their host contract are not bifurcated under U.S. GAAP, while Japanese GAAP allows an entity to bifurcate embedded derivatives if the entity manages the risk of the embedded derivatives and host contracts separately. Bifurcated derivatives are recorded on the balance sheet at fair value with changes in fair value recognized in earnings under both Japanese GAAP and U.S. GAAP.

2. Investments

The cost basis of certain investments differs between Japanese GAAP and U.S. GAAP primarily due to the following reasons:

Certain sales and subsequent repurchases of available-for-sale securities under Japanese GAAP do not meet the sale accounting criteria under U.S. GAAP. These sales and subsequent repurchases resulted in realized gains or losses being recognized in earnings under Japanese GAAP. Under U.S. GAAP, these gains or losses are recognized as unrealized gains or losses within accumulated other comprehensive income, net of tax.

Under U.S. GAAP, declines in the fair value of available-for-sale securities below cost that are deemed to be other-than-temporary are recorded in earnings. Both quantitative and qualitative factors are considered to determine whether the impairment is other-than-temporary, including the duration and extent of the decline, near-term prospects of the issuer, as well as our ability and intent to hold the investments until an anticipated market price recovery or maturity. Regarding debt securities, we consider additional factors such as intent to sell or more likely than not will be required to sell before recovery to determine whether the impairment is other-than-temporary. Under Japanese GAAP, significant declines in the fair value of securities below cost that are deemed to be other-than-temporary are recorded in earnings unless short term recovery is reasonably expected. A decline in fair value of a security of 50% or more of its cost is a strong indicator of an other-than-temporary decline, which requires compelling evidence to prove otherwise. A decline in fair value of 30% or more but less than 50% of its cost is an indicator of an other-than-temporary decline in which case the probability of recovery must be evaluated to determine whether an other-than-temporary decline has occurred. Generally, if the decline in fair value is less than 30%, it is not considered to be an other-than-temporary decline.

Under U.S. GAAP, the election of the fair value option for financial assets and liabilities is permitted according to ASC 825, while it is not permitted under Japanese GAAP. As we elected the fair value option for foreign currency denominated available-for-sale securities under U.S. GAAP, these securities were reclassified as trading securities and the entire amount of changes in their fair value are now recognized in earnings, while under Japanese GAAP, only the changes attributable to movements in foreign currency exchange rates are recognized in earnings.

Reconciliation amounts for investments in the above table are presented net of taxes.

3. Loans

Under U.S. GAAP, loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income over the contractual life of the relevant loan using the interest method, while certain fees and costs are recognized in earnings at the time the loan is originated under Japanese GAAP.

In addition, certain loan participations and sales of loans to special purpose vehicles in connection with asset securitization transactions under Japanese GAAP do not meet sales criteria under U.S. GAAP due to different applicable criteria, and therefore the relevant loans are recognized on the balance sheet under U.S. GAAP.

4. Allowances for loan losses and off-balance-sheet instruments

Under both Japanese GAAP and U.S. GAAP, the allowance for loan losses for specifically identified impaired loans is based on the present value of expected future cash flows discounted at the loan s initial effective interest rate or, as a practical expedient, the loan s observable market price or the fair value of the collateral if the loan is collateral dependent. For certain impaired loans that are aggregated for the purpose of measuring impairment, pools of smaller balance homogeneous loans and other non-homogeneous loans that have not been identified as impaired, the allowance for loan losses is determined based on a formula allowance utilizing historical loss factors, as adjusted, considering recent trends.

The differences between Japanese GAAP and U.S. GAAP arise from the difference in the scope of the loans that are subject to the individual and portfolio impairment analysis. In addition to these effects based on differences between Japanese GAAP and U.S. GAAP, provision (credit) for loan losses may differ between Japanese GAAP and U.S. GAAP due to the difference in the timing of accounting closings between our consolidated financial statements under U.S. GAAP and those under Japanese GAAP.

This reconciling item also includes the differences between U.S. GAAP and Japanese GAAP relating to the allowance for off-balance-sheet instruments. We generally use the same methodology to reserve for losses on these instruments as we do for loans.

5. Premises and equipment

Under U.S. GAAP, the fair value of a non-monetary asset acquired in exchange for another non-monetary asset is generally deemed to be the new cost of the asset acquired in the exchange, and a gain or loss is recognized on the exchange. Under Japanese GAAP, the cost of the asset surrendered is assigned to the newly acquired asset in certain types of exchange transactions, resulting in no gains or losses. In addition, the difference in carrying value of assets acquired in a non-monetary exchange results in a difference in the depreciation schedule between U.S. GAAP and Japanese GAAP.

6. Real estate sales and leasebacks

Our principal banking subsidiaries entered into sale and leaseback transactions in prior years with respect to land and buildings used as their headquarters. Each sale of such real estate is accounted for as a sale under Japanese GAAP with profits on the sale recorded in earnings. Under U.S. GAAP, the profits are deferred and amortized within the respective lease periods as the subsidiaries continue to occupy the buildings under operating leases.

7. Land revaluation

Under Japanese GAAP, we revalued our holdings of land during the fiscal year ended March 31, 1998 pursuant to the Law Concerning Revaluation of Land (Law No. 34 of 1998). The revaluation gains are recorded directly in equity, and the related deferred tax liabilities are also recognized. Under U.S. GAAP, there is no applicable provision that allows for the revaluation of land other than for impairments, and accordingly the revaluation gains are reversed.

8. Business combinations

Under U.S. GAAP, goodwill is not amortized and an impairment loss is recorded to the extent the carrying amount of the goodwill exceeds its estimated fair value at the measurement date. Under Japanese GAAP, goodwill is amortized over an appropriate period not to exceed 20 years and an impairment loss is recorded only if the effects of the goodwill are no longer expected.

Under Japanese GAAP, goodwill is recognized on a step-by-step basis, with the purchase of additional ownership interests in a subsidiary being accounted for in accordance with the requirements of business combination accounting. Under U.S. GAAP, a change in the parent s ownership interest in a subsidiary where the parent retains a controlling financial interest in the subsidiary is accounted for as an equity transaction.

9. Noninterest-earning deposits made under government-led restructuring program

In connection with the government-led restructuring program for seven failed housing loan companies, we made noninterest-earning deposits of ¥359,017 million in the fiscal year ended March 31, 1997. Under Japanese GAAP, these deposits are recorded at cost. Under U.S. GAAP, these deposits are discounted to their present value at the time of deposit, and the discount is subsequently accreted to income over the expected period to maturity.

10. Pension liabilities

Under Japanese GAAP, we adopted as of April 1, 2000 pension accounting that is based on the actuarial present value of accrued benefit obligations. The cumulative effect of the accounting change has been amortized, and actuarial gains and losses are deferred and amortized. Under U.S. GAAP, we recalculated the benefit obligation at April 1, 2004 and accounted for the obligation as if we had adopted the accounting method in accordance with ASC 715, Compensation Retirement Benefits, beginning in the fiscal year ended March 31, 1990, as permitted for a foreign private issuer. The cumulative effect of the accounting change, as well as actuarial gains and losses since the adoption, had been fully amortized by April 1, 2004.

Under U.S. GAAP, an employer is required to recognize the overfunded or underfunded status of a defined benefit plan as an asset or liability in its consolidated balance sheets, according to ASC 715. Under ASC 715, actuarial gains or losses and prior service costs or benefits that have not yet been recognized through earnings as net periodic benefit cost are recognized in other comprehensive income, net of tax, until they are amortized as a component of net periodic benefit cost based on corridor approach. Under Japanese GAAP, they are not immediately recognized in the consolidated balance sheets and are instead amortized over a specified number of years. This results in differences in the amounts of shareholders equity and net income between U.S. GAAP and Japanese GAAP. See note 21 to our consolidated financial statements included elsewhere in this annual report for further discussion.

11. Consolidation of variable interest entities

Under U.S. GAAP, variable interest entities are to be consolidated if we are deemed to be the primary beneficiary of the variable interest entity. Under Japanese GAAP, consolidation is not based on variable interests. We consolidate certain variable interest entities, such as entities related to asset-backed commercial paper/loan programs, asset-backed securitizations, investments in securitization products and investment funds. See note 26 to our consolidated financial statements included elsewhere in this annual report for further discussion.

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12. Deferred taxes

Under U.S. GAAP, all available evidence, both positive and negative, must be considered to determine whether, based on the weight of that evidence, deferred tax assets are realizable or whether a valuation allowance is needed. Possible sources of taxable income, which are considered to determine whether deferred tax assets are realizable, include unrealized gains on available-for-sale securities. The sources also include tax planning strategies that are prudent and feasible. Under Japanese GAAP, the assessment as to whether deferred tax assets are realizable is primarily based on estimates of future taxable income.

Additionally, differences in the carrying amount of assets and liabilities between U.S. GAAP and Japanese GAAP create temporary differences that result in differences in deferred tax assets and liabilities.

13. Other

This adjustment reflects the effects of miscellaneous items that are not individually material.

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

Directors and Corporate Auditors

The following table provides information regarding our directors and corporate auditors as of June 30, 2012:

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
Takashi Tsukamoto (Aug. 2, 1950)	Chairman (since June 2011)	Apr. 2002	Executive Officer/General Manager of Human Resources Division of Mizuho Corporate Bank, Ltd.	June 2014
	President & CEO of Mizuho Bank, Ltd.	Mar. 2003	Managing Executive Officer/Head of Risk Management Group, Head of Human Resources Group and General Manager of Post-retirement Counseling of Mizuho Financial Group, Inc.	
		Feb. 2004	Managing Executive Officer/Head of Risk Management Group and Head of Human Resources Group	
		Apr. 2004	Managing Executive Officer/Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd.	
		Mar. 2006	Managing Director/Chief Strategy Officer and Chief Financial Officer	
		Apr. 2007	Deputy President	
		Apr. 2008	Deputy President-Executive Officer/Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.	
		Apr. 2008	President & CEO of Mizuho Financial Strategy Co., Ltd. (until Apr. 2009)	
		June 2008	Deputy President/Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.	
		Apr. 2009	President & CEO/Head of Human Resources Group	
		Apr. 2010	President & CEO	

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		June 2011	President & CEO of Mizuho Bank, Ltd. (current)	
		June 2011	Chairman of Mizuho Financial Group, Inc. (current)	
Yasuhiro Sato (Apr. 15, 1952)	President & CEO (Group CEO) (since June 2011) (Representative Director)	Mar. 2003	Executive Officer/Senior Corporate Officer of International Banking Unit of Mizuho Corporate Bank, Ltd.	June 2013
		Apr. 2004	Managing Executive Officer	
		Mar. 2006	Managing Director/Head of Corporate Banking Unit	
		Apr. 2007	Deputy President/Chief Auditor	
	President & CEO of Mizuho Corporate Bank, Ltd.	Apr. 2009	President & CEO (current)	
		June 2009	Director of Mizuho Financial Group, Inc.	
		June 2011	Director of Mizuho Bank, Ltd. (current)	
		June 2011	President & CEO of Mizuho Financial Group, Inc. (Group CEO) (current)	
	Director of Mizuho Bank, Ltd.			
	Chairman of the Japanese Bankers Association			
Junichi Nishizawa (June 12, 1956)	Deputy President (since June 2011) (Representative Director)	Mar. 2006	General Manager of Human Resources Division of Mizuho Bank, Ltd.	June 2013
		Apr. 2008	Executive Officer/General Manager of Nagoya-chuo Corporate Banking Department of Nagoya-chuo Branch	
	Head of Human Resources Group	Apr. 2010	Managing Executive Officer/Chief Risk Officer and Chief Human Resources Officer of Mizuho Corporate Bank, Ltd.	
		Apr. 2011	Managing Director/Chief Risk Officer and Chief Human Resources Officer	
	Head of Internal Audit Group	June 2011	Managing Executive Officer/Chief Human Resources Officer	
		June 2011	Managing Executive Officer/In charge of Human Resources Group of Mizuho Bank, Ltd.	
	Chief Human Resources Officer	June 2011	Deputy President/Head of Human Resources Group of Mizuho Financial Group, Inc.	
	Chief Auditor			

Managing Executive Officer of
Mizuho Bank, Ltd.

Managing Executive Officer of
Mizuho Corporate Bank, Ltd.

Managing Executive Officer of
Mizuho Trust & Banking Co., Ltd.

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Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
		Apr. 2012	Deputy President/Head of Human Resources Group and Head of Internal Audit Group (current)	
		Apr. 2012	Managing Executive Officer/ Head of Human Resources Group of Mizuho Bank, Ltd. (current)	
		Apr. 2012	Managing Executive Officer/ Head of Human Resources Group of Mizuho Corporate Bank, Ltd. (current)	
		Apr. 2012	Managing Executive Officer/ In charge of Human Resources Group of Mizuho Trust & Banking Co., Ltd. (current)	
Masaaki Kono (Feb. 24, 1957)	Managing Director (since June 2011) Head of Strategic Planning Group Chief Strategy Officer Managing Executive Officer of Mizuho Bank, Ltd. Managing Executive Officer of Mizuho Corporate Bank, Ltd. Managing Executive Officer of Mizuho Trust & Banking Co., Ltd.	Mar. 2006	Executive Officer/General Manager of Corporate Banking Division No.8 of Mizuho Corporate Bank, Ltd.	June 2013
		Apr. 2008	Managing Executive Officer	
		Apr. 2011	Managing Executive Officer/Head of Risk Management Group, Head of Human Resources Group and Head of Compliance Group of Mizuho Financial Group, Inc.	
		June 2011	Managing Director/Head of Risk Management Group and Head of Compliance Group	
		Nov. 2011	Managing Director/ Head of Risk Management Group, Head of Compliance Group and General Manager of Compliance and Legal Affairs	
		Apr. 2012	Managing Director /Head of Strategic Planning Group (current)	
		Apr. 2012	Managing Executive Officer/ Head of Strategic Planning Group of Mizuho Bank, Ltd. (current)	

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		Apr. 2012	Managing Executive Officer/ Head of Strategic Planning Group of Mizuho Corporate Bank, Ltd. (current)	
		Apr. 2012	Managing Executive Officer/ In charge of Strategic Planning, Financial Control & Accounting Group of Mizuho Trust & Banking Co., Ltd. (current)	
Hideyuki Takahashi (Apr. 20, 1957)	Managing Director (since June 2012)	Apr. 2007	Executive Officer / Senior Corporate Officer of Strategic Planning Group of Mizuho Corporate Bank, Ltd.	June 2014
	Head of Financial Control and Accounting Group	Apr. 2009	Managing Executive Officer / Head of Global Portfolio Management Unit, Head of Financial Institutions & Public Sector Business Unit, Head of Global Alternative Investment Unit	
	Chief Financial Officer	Apr. 2010	Managing Executive Officer / Chief Financial Officer and Chief Portfolio Management Officer	
	Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2011	Managing Executive Officer / Chief Financial Officer, Chief Portfolio Management Officer and Chief Information Officer	
	Managing Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2012	Managing Executive Officer / Head of Financial Control & Accounting Group of Mizuho Financial Group, Inc.	
	Managing Executive Officer of Mizuho Trust & Banking Co., Ltd.	Apr. 2012	Managing Executive Officer / Head of Financial Control & Accounting Group of Mizuho Bank, Ltd. (current)	
		Apr. 2012	Managing Executive Officer / Head of Financial Control & Accounting Group of Mizuho Corporate Bank, Ltd. (current)	

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		Apr. 2012	Managing Executive Officer / In charge of Strategic Planning, Financial Control & Accounting Group of Mizuho Trust & Banking Co., Ltd. (current)	
		Apr. 2012	President & CEO of Mizuho Financial Strategy Co., Ltd. (current)	
		June 2012	Managing Director / Head of Financial Control & Accounting Group of Mizuho Financial Group, Inc.(current)	
Daisaku Abe (June 20, 1957)	Managing Director (since June 2012) Head of IT & Systems Group Head of Operations Group Chief Information Officer Chief Operations Officer Managing Executive Officer of Mizuho Bank, Ltd. Managing Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2007	Executive Officer/General Manager of Executive Secretariat of Mizuho Corporate Bank, Ltd.	June 2014
		Apr. 2009	Managing Executive Officer/Head of Strategic Planning Group, Head of IT, Systems & Operations Group and General Manager of Group Strategic Planning of Mizuho Financial Group, Inc.	
		Apr. 2011	Managing Executive Officer/ Head of Strategic Planning Group and Head of IT, Systems & Operations Group	
		Apr. 2012	Managing Executive Officer /Head of IT & Systems Group and Head of Operations Group	
		Apr. 2012	Managing Executive Officer/ Head of IT & Systems Group and Head of Operations Group of Mizuho Bank, Ltd. (current)	
		Apr. 2012	Managing Executive Officer/ Head of IT & Systems Group and Head of Operations Group of Mizuho Corporate Bank, Ltd. (current)	

Managing Executive Officer of Mizuho Trust & Banking Co., Ltd.		
	Apr. 2012	Managing Executive Officer/ In charge of IT & Systems Group and Operations Group of Mizuho Trust & Banking Co., Ltd. (current)

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		June 2012	Managing Director /Head of IT & Systems Group and Head of Operations Group of Mizuho Financial Group, Inc. (current)	
Akihiko Nomiyama(1)(3) (June 15, 1934)	Director (since June 2007) Honorary Executive Consultant of JX Holdings, Inc.	Apr. 1957	Joined Nippon Mining Co., Ltd.	June 2013
		June 1984	Director	
		June 1989	Managing Director	
		Dec. 1992	Managing Director of Nikko Kyodo Co., Ltd.	
		Dec. 1993	Managing Director of Japan Energy Corporation	
		June 1994	Senior Managing Director	
		June 1996	President and CEO (Representative Director)	
		June 2000	Chairman, President and CEO (Representative Director)	
		Apr. 2002	Chairman and CEO (Representative Director)	
		Sep. 2002	President and CEO (Representative Director) of NIPPON MINING HOLDINGS, INC.	
		June 2003	Chairman (Representative Director)	

		June 2006	Special Advisor (until June 2010)	
		June 2007	Director of Mizuho Financial Group, Inc. (current)	
		July 2010	Honorary Executive Consultant of JX Holdings, Inc. (current)	
Mitsuo Ohashi[1] (Jan. 18, 1936)	Director (since June 2005) Senior Advisor of Showa Denko K.K.	Mar. 1959	Joined Mitsui Bank, Ltd.	June 2013
		Dec. 1961	Joined Showa Denko K.K.	
		May 1988	General Manager of Corporate Planning Division	
		Mar. 1989	Director/General Manager of Corporate Planning Division	
		Mar. 1993	Managing Director	
		Mar. 1995	Senior Managing Director	

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Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
		Mar. 1997	President and Chief Executive Officer	
		Jan. 2005	Representative Director and Chairman of the Board of Directors	
		June 2005	Director of Mizuho Financial Group, Inc. (current)	
		Mar. 2007	Director and Chairman of the Board of Directors of Showa Denko K.K.	
		Mar. 2010	Senior Advisor (current)	
Kanemitsu Anraku[1][3] (Apr. 21, 1941)	Director (since June 2007)	Apr. 1964	Joined Nissan Motor Co., Ltd.	June 2013
		June 1993	Director	
		June 1997	Managing Director	
		May 1999	Executive Vice President (Representative Director)	
		Apr. 2000	Vice Chairman (member of the board of directors)	
		June 2000	Vice Chairman	
		Apr. 2002	President (Representative Director) of Nissan Real Estate Development Corporation	
		June 2005	Counselor	

		July 2006	Counselor of Nissan Network Holdings Co., Ltd. (until June 2007)	
		June 2007	Director of Mizuho Financial Group, Inc. (current)	
Yoshinobu Shigeji (Apr. 30, 1956)	Corporate Auditor (since June 2011)	Mar. 2006	Executive Officer/General Manager of Nagoya-chuo Branch of Mizuho Bank, Ltd.	June 2015
	Corporate Auditor of Mizuho Securities Co., Ltd.	July 2007	Executive Officer/General Manager of Nagoya-chuo Corporate Banking Department of Nagoya-chuo Branch	
	Corporate Auditor of Mizuho Bank, Ltd.			
		Apr. 2008	Executive Officer/General Manager of Corporate Banking Planning Division	

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		Jan. 2010	Executive Officer/General Manager of Corporate Banking Planning Division and Head of Corporate Finance Support Office	
		Apr. 2010	Managing Executive Officer	
		Apr. 2011	Advisor	
		June 2011	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
		June 2011	Corporate Auditor of Mizuho Securities Co., Ltd. (current)	
		June 2012	Corporate Auditor of Mizuho Bank, Ltd. (current)	
Toshinari Iyoda (Mar. 31, 1954)	Corporate Auditor (since June 2011)	Apr. 2005	Managing Director/Head of Advisory Group No.1 of Mizuho Securities Co., Ltd.	June 2015
	Corporate Auditor of Mizuho Corporate Bank, Ltd.	June 2005	Managing Director/Head of Advisory Group No. 1, Head of Advisory Group No. 2	
		July 2005	Managing Director/Head of Advisory Group	
		Apr. 2008	Managing Director/Head of Investment Banking Group I	
		June 2008	Managing Director/Head of Global Investment Banking, Head of Investment Banking Group	
		May 2009		

	Managing Executive Officer/ Joint Head of Global Investment Banking, Co-Head of Investment Banking Group and In charge of Investment Banking Business Administration Dept.
Apr. 2010	Managing Executive Officer/Head of Investment Banking Group
Apr. 2011	Advisor

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		June 2011	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
		June 2012	Corporate Auditor of Mizuho Corporate Bank, Ltd. (current)	
Masahiro Seki[2][3] (Sep. 11, 1934)	Corporate Auditor (since June 2006)	Apr. 1959	Joined Deloitte Haskins & Sells, Tokyo Office	June 2014
		June 1987	General Representative	
		Feb. 1990	Senior Managing Director of International Affairs of Deloitte Touche Tohmatsu	
		June 1997	Senior Researcher of the Japanese Institute of Certified Public Accountants	
		Oct. 2000	Visiting Professor of Graduate School of International University of Japan	
		Apr. 2001	Professor of Graduate School (until Mar. 2004)	
		June 2002	President of the non-profit organization, Japanese Institute of International Accounting Education (until June 2006)	
		Apr. 2004	Established Seki Certified Public Accountants	
		June 2006	Senior Advisor of the non-profit organization, Japanese Institute of International Accounting Education (current)	

		June 2006	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
Masami Ishizaka[2][3] (Dec. 5, 1939)	Corporate Auditor (since June 2008)	Apr. 1963	Joined Ministry of Finance	June 2016
		June 1993	Director-General of the Financial Bureau	
		July 1994	Director-General of the Planning and Co-ordination Bureau of Environment Agency	
		July 1995	Administrative Vice Minister	

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		July 1996	Vice Chairman of Automobile Insurance Rating Organization of Japan	
		July 1998	Executive Vice President of Japan National Oil Corporation	
		Mar. 2004	Advisor	
		July 2004	Vice Chairman of The General Insurance Association of Japan	
		Sep. 2007	Chairman of Okura Zaimu Kyokai (current)	
		June 2008	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
Isao Imai[2][3] (Dec. 26, 1939)	Corporate Auditor (since June 2011)	Apr. 1964	Assistant Judge of the Tokyo District Court	June 2015
	Corporate Auditor of Mizuho Corporate Bank, Ltd.	Feb. 2002	President of the Sendai High Court	
		Nov. 2002	President of the Tokyo High Court	
	Corporate Auditor of Mizuho Bank, Ltd.	Dec. 2004	Justice of the Supreme Court	
		Dec. 2009	Resigned from judge	
		Apr. 2010	Registered as attorney at law (Daiichi Tokyo Bar Association)	
		Apr. 2010	Counsel of TMI Associates (current)	

June 2011	Corporate Auditor of Mizuho Corporate Bank, Ltd. (current)
June 2011	Corporate Auditor of Mizuho Financial Group, Inc. (current)
June 2012	Corporate Auditor of Mizuho Bank, Ltd. (current)

Notes:

(1) Messrs. Nomiyama, Ohashi and Anraku satisfy the requirements for an outside director under the Company Law of Japan.

(2) Messrs. Seki, Ishizaka and Imai satisfy the requirements for an outside corporate auditor under the Company Law of Japan.

(3) Messrs. Nomiyama, Anraku, Seki, Ishizaka and Imai were notified to stock exchanges in Japan as independent director/auditor, as the case may be, pursuant to the regulations of stock exchanges in Japan.

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Executive Officers

The following table provides information about our executive officers as of June 30, 2012, other than information regarding those that are also directors and listed above:

Name (date of birth)	Current positions and principal outside positions		Business experience
Yasunori Tsujita (June 28, 1956)	Managing Executive Officer (since Apr. 2012)	Apr. 2006	General Manager of Shinjuku Branch of Mizuho Bank, Ltd.
	In charge of Strategic Planning Group	Apr. 2008	General Manager of Consulting Business Development Division
	Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2009	Executive Officer/General Manager of Personal Marketing Division
	Managing Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2011	Managing Executive Officer/ General Manager of Personal Marketing Division
		June 2011	Managing Executive Officer
		Apr. 2012	Managing Executive Officer /In charge of Strategic Planning Group of Mizuho Financial Group, Inc. (current)
		Apr. 2012	Managing Executive Officer/ In charge of Strategic Planning Group of Mizuho Bank, Ltd. (current)
		Apr. 2012	Managing Executive Officer/ In charge of Strategic Planning Group of Mizuho Corporate Bank, Ltd. (current)
Masakane Koike (July 9, 1959)	Managing Executive Officer (since Apr. 2012)	Apr. 2007	General Manager of Credit Coordination Division of Mizuho Corporate Bank, Ltd.
	Head of Risk Management Group	Apr. 2008	General Manager of Financial Planning of Mizuho Financial Group, Inc.
	Head of Compliance Group	Apr. 2009	Executive Officer/General Manager of Financial Planning

Chief Risk Officer	Apr. 2012	Managing Executive Officer / Head of Risk Management Group and Head of Compliance Group (current)
Chief Compliance Officer	Apr. 2012	Managing Executive Officer/ Head of Risk Management Group and Head of Compliance Group of Mizuho Bank, Ltd. (current)
Managing Executive Officer of Mizuho Bank, Ltd.		
Managing Executive Officer of Mizuho Corporate Bank, Ltd.		
Managing Executive Officer of Mizuho Trust & Banking Co., Ltd.		

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Name (date of birth)	Current positions and principal outside positions	Business experience	
		Apr. 2012	Managing Executive Officer/ Head of Risk Management Group and Head of Compliance Group of Mizuho Corporate Bank, Ltd. (current)
		Apr. 2012	Managing Executive Officer/ In charge of Risk Management Group and In charge of Compliance Group of Mizuho Trust & Banking Co., Ltd. (current)
Kazunori Hashimoto (May 15, 1960)	Executive Officer (since July 2011)	Oct. 2006	Deputy General Manager of Human Resources Division of Mizuho Bank, Ltd.
	General Manager of Group Human Resources Division	Oct. 2007	General Manager of Yokoyamacho Corporate Banking Department of Yokoyamacho Branch
	Executive Officer of Mizuho Bank, Ltd.	Apr. 2010	General Manager of Human Resources Management Division of Mizuho Corporate Bank, Ltd.
	Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2011	Executive Officer/ General Manager of Human Resources Management Division
		July 2011	Executive Officer/ General Manager of Group Human Resources Division of Mizuho Financial Group, Inc. (current)
		July 2011	Executive Officer/ General Manager of Human Resources Office of Mizuho Bank, Ltd.
		July 2011	Executive Officer/ General Manager of Human Resources Office of Mizuho Corporate Bank, Ltd.
		Apr. 2012	Executive Officer/ General Manager of Group Human Resources Division of Mizuho Bank, Ltd. (current)
		Apr. 2012	Executive Officer/ General Manager of Group Human Resources Division of Mizuho Corporate Bank, Ltd. (current)

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Name (date of birth)	Current positions and principal outside positions		Business experience
Tatsufumi Sakai (Aug. 27, 1959)	Executive Officer (since Apr. 2012)	Apr. 2007	Deputy General Manager of International Coordination Division of Mizuho Corporate Bank, Ltd.
	General Manager of Group Planning Division	Apr. 2009	Senior Corporate Officer of Strategic Planning Group
	Executive Officer of Mizuho Bank, Ltd.	Apr. 2011	Executive Officer/ Senior Corporate Officer of Strategic Planning Group
	Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2012	Executive Officer/ General Manager of Group Planning Division of Mizuho Financial Group, Inc. (current)
		Apr. 2012	Executive Officer/ General Manager of Group Planning Division of Mizuho Bank, Ltd. (current)
		Apr. 2012	Executive Officer/ General Manager of Group Planning Division of Mizuho Corporate Bank, Ltd. (current)
Tetsuo Iimori (Sep. 12, 1960)	Executive Officer (since Apr. 2011)	Oct. 2005	General Manager of Fukushima Branch of Mizuho Bank, Ltd.
		Apr. 2008	General Manager of Business Promotion Division for Employees of Corporate Customers
	General Manager of Corporate Planning Division	Apr. 2009	General Manager of Corporate Planning of Mizuho Financial Group, Inc.
	Executive Officer of Mizuho Bank, Ltd.	Apr. 2011	Executive Officer/General Manager of Corporate Planning Division (current)
	Executive Officer of Mizuho Corporate Bank, Ltd.	June 2011	Executive Officer/General Manager of Corporate Planning Division and Head of Business Process Re-engineering Office of Mizuho Bank, Ltd.
		July 2011	Executive Officer/General Manager of Corporate Planning Division (current)

Apr. 2012	Executive Officer/General Manager of Corporate Planning Division of Mizuho Corporate Bank, Ltd. (current)

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Name (date of birth)	Current positions and principal outside positions		Business experience
Mitsuo Ootani (Jan. 19, 1961)	Executive Officer (since Apr. 2012)	Apr. 2007	Senior Manager of Personal Banking Group of Mizuho Bank, Ltd.
		Apr. 2008	General Manager of Ginzadori Branch
		June 2011	General Manager of Compliance Division
	General Manager of Compliance Division	Apr. 2012	Executive Officer/General Manager of Compliance Division of Mizuho Financial Group, Inc. (current)
	Executive Officer of Mizuho Bank, Ltd.	Apr. 2012	Executive Officer/General Manager of Compliance Division of Mizuho Bank, Ltd. (current)
	Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2012	Executive Officer/General Manager of Compliance Division of Mizuho Corporate Bank, Ltd. (current)
Ryusuke Aya (May 20, 1960)	Executive Officer (since Apr. 2012)	Apr. 2003	Deputy General Manager of Risk Management Division of Mizuho Corporate Bank, Ltd.
		Nov. 2007	Joint General Manager of Sydney Branch and Senior Manager of International Coordination Division (Mizuho Corporate Australia, Limited)
	General Manager of Risk Management Division	Apr. 2010	General Manager of Risk Management Division
		Apr. 2012	Executive Officer/General Manager of Risk Management Division of Mizuho Financial Group, Inc. (current)
	Executive Officer of Mizuho Bank, Ltd.	Apr. 2012	Executive Officer/General Manager of Risk Management Division of Mizuho Bank, Ltd. (current)
	Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2012	Executive Officer/General Manager of Risk Management Division of Mizuho Corporate Bank, Ltd. (current)
Junichi Shinbo (May 21, 1961)	Executive Officer (since Apr. 2012)	July 2005	Deputy General Manager of Financial Planning of Mizuho Financial Group, Inc.
	General Manager of Portfolio Management Division	Apr. 2009	General Manager of Global Alternative Investment Division and General Manager of London Department of Mizuho Corporate Bank, Ltd.
	Executive Officer of Mizuho Bank, Ltd.		
	Executive Officer of Mizuho Corporate Bank, Ltd.		

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Name (date of birth)	Current positions and principal outside positions		Business experience
		Apr. 2010	General Manager of Asset Management Coordination Division and General Manager of Europe Department
		Apr. 2012	Executive Officer/General Manager of Portfolio Management Division of Mizuho Financial Group, Inc. (current)
		Apr. 2012	Executive Officer/General Manager of Portfolio Management Division of Mizuho Bank, Ltd. (current)
		Apr. 2012	Executive Officer/General Manager of Portfolio Management Division of Mizuho Corporate Bank, Ltd. (current)
Haruki Nakamura (Nov. 28, 1961)	Executive Officer (since Apr. 2012)	May 2005	Senior Manager of Consumer and Private Banking Planning Division (UC Card Co., Ltd.) of Mizuho Bank, Ltd.
		Oct. 2007	Senior Manager of Personal Banking Division (Qubitous Co., Ltd.)
	General Manager of IT & Systems Planning Division	Apr. 2009	General Manager of IT, Systems & Planning of Mizuho Financial Group, Inc.
		Apr. 2012	Executive Officer/General Manager of IT & Systems Planning Division (current)
	Executive Officer of Mizuho Bank, Ltd.	Apr. 2012	Executive Officer/General Manager of IT & Systems Planning Division of Mizuho Bank, Ltd. (current)
		Apr. 2012	Executive Officer/General Manager of IT & Systems Planning Division of Mizuho Corporate Bank, Ltd. (current)
	Executive Officer of Mizuho Corporate Bank, Ltd.		
Koji Fujiwara (June 29, 1961)	Executive Officer (since Apr. 2012)	July 2004	Deputy General Manager of Consumer and Private Banking Planning Division of Mizuho Bank, Ltd.
	General Manager of Investor Relations Division	Oct. 2007	Senior Manager of Corporate Planning Division (Japanese Bankers Association)
		July 2009	Senior Manager of Investor Relations of Mizuho Financial Group, Inc.
		Apr. 2010	General Manager of Investor Relations

Name (date of birth)	Current positions and principal outside positions		Business experience
		Apr. 2012	Executive Officer/General Manager of Investor Relations Division (current)
Ryousuke Joukou (Aug. 6, 1961)	Executive Officer (since Apr. 2012)	Apr. 2007	Joint General Manager of Human Resources Department of Mizuho Trust & Banking Co., Ltd.
	General Manager of Executive Secretariat	Apr. 2010	General Manager of Osaka Branch of Mizuho Bank, Ltd.
		Apr. 2012	Executive Officer/General Manager of Executive Secretariat of Mizuho Financial Group, Inc. (current)

An Executive Officer may serve any number of consecutive terms. The term of office of the Executive Officers currently in office will expire at the close of the first meeting of our board of directors after the ordinary general meeting of shareholders.

No family relationship exists among any of our directors, executive officers or corporate auditors.

6.B. Compensation

In accordance with the Company Law, compensation for our directors and corporate auditors, including bonuses, retirement allowances and incentive stock options, must be approved at our general meeting of shareholders, unless otherwise specified in our articles of incorporation in the future. The shareholders approval may specify the upper limit of the aggregate amount of compensation or calculation methods, but if compensation includes benefits in kind, the shareholders approval must include the description of such benefits. Compensation for a director or corporate auditor is fixed by our board of directors or by consultation among our corporate auditors in accordance with our internal regulations and practice and, in the case of retirement allowances, generally reflects the position of the director or corporate auditor at the time of retirement, the length of his service as a director or corporate auditor and his contribution to our performance.

The aggregate compensation, including bonuses and stock compensation-type stock options (stock acquisition rights) but excluding retirement allowances, paid by Mizuho Financial Group and its subsidiaries to the directors and corporate auditors of Mizuho Financial Group during the fiscal year ended March 31, 2012 was ¥422 million and ¥87 million, respectively.

Listed companies in Japan are required under Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., to disclose the compensation provided to their directors and corporate auditors for the relevant fiscal year if the aggregate annual compensation per the director/corporate auditor equals or exceeds ¥100 million (including any compensation provided by major subsidiaries of such listed company as directors and corporate auditors of such subsidiaries). None of our directors and corporate auditors received compensation that equaled or exceeded the foregoing amount in the fiscal year ended March 31, 2012.

Mizuho Financial Group and some of its subsidiaries, including Mizuho Bank and Mizuho Corporate Bank, abolished their respective retirement allowance programs for directors, corporate auditors and officers. At the ordinary general meeting of shareholders held in June 2008, Mizuho Financial Group and such subsidiaries obtained shareholders approval for a payment of lump sum retirement allowances for directors and corporate auditors (other than those elected after such shareholders meeting) at the time of their respective retirement.

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In conjunction with the abolishment of the retirement allowance program, we obtained shareholder s approval for the introduction of stock acquisition rights for the directors (excluding outside directors) at the ordinary general meeting of shareholders held on June 26, 2008. On January 30, 2009, our board of directors resolved to issue stock acquisition rights to directors and executive officers and subsequently allotted an aggregate of 5,409 stock acquisition rights on February 16, 2009. As the directors of Mizuho Financial Group, our directors received 435 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of our common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until February 16, 2029. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥190,910 as of March 31, 2012.

On September 3, 2009, our board of directors resolved to issue stock acquisition rights to directors and executive officers and subsequently allotted an aggregate of 5,835 stock acquisition rights on September 25, 2009. As the directors of Mizuho Financial Group, our directors received 500 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of our common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until September 25, 2029. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥168,690 as of March 31, 2012.

On July 30, 2010, our board of directors resolved to issue stock acquisition rights to directors and executive officers and subsequently allotted an aggregate of 6,808 stock acquisition rights on August 26, 2010. As the directors of Mizuho Financial Group, our directors received 500 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of our common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until August 26, 2030. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥119,520 as of March 31, 2012.

On November 18, 2011, our board of directors resolved to issue stock acquisition rights to directors and executive officers, and subsequently allotted an aggregate of 12,452 stock acquisition rights on December 8, 2011. As the directors of Mizuho Financial group, our directors received 500 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of our common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until December 8, 2031. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥91,840 as of March 31, 2012.

6.C. Board Practices

Pursuant to our articles of incorporation, we maintain a corporate governance system consisting of general meetings of shareholders, individual directors, board of directors, individual corporate auditors, board of corporate auditors and an accounting auditor as its primary components.

Our board of directors has the ultimate responsibility for the administration of our affairs. Our articles of incorporation provide for a board of directors consisting of not more than 15 members, in order to facilitate efficient and responsive decision making, and provide for not more than six corporate auditors. All directors and corporate auditors are appointed by our shareholders at general meetings. The normal term of office is two years for directors and four years for corporate auditors after their respective appointment, but directors and corporate auditors may serve any number of consecutive terms. Our board of directors designates, from among its members, representative directors and appoints a president. Our board of directors may also appoint a chairman, a deputy chairman, deputy presidents, senior managing directors and managing directors. Each representative director has the authority to represent us in the conduct of our affairs.

While one of our corporate auditors is a certified public accountant, our corporate auditors are not required to be certified public accountants. None of the corporate auditors may at the same time be directors, accounting participants, executive officers, or managers or employees of the company or any of its subsidiaries and at least one-half of them must be persons who have not been directors, accounting participants, executive officers or any other employees of us or any of our subsidiaries at any time prior to their appointment as corporate auditors. Each corporate auditor has a statutory duty to audit the directors performance of their duties and to audit the accounting records and the business reports submitted by the directors to general meetings of shareholders. Corporate auditors shall attend each meeting of the board of directors and, when necessary, state their opinion at the meeting, but are not entitled to vote.

The board of corporate auditors is composed of all corporate auditors. The board of corporate auditors has a statutory duty to prepare and submit an audit report to the directors each year. If any corporate auditor has an opinion that is different from the opinion of the board of corporate auditors, such opinion shall also be described in the audit report. The board of corporate auditors shall determine policies regarding audits, the method of investigation by the corporate auditors into the status of corporate affairs and financial position and other matters relating to the performance of the corporate auditors duties, provided, however, that a resolution of the board of corporate auditors may not prevent any corporate auditor from exercising his or her own power.

None of our directors or corporate auditors has service contracts with us providing for benefits upon termination of service.

Our articles of incorporation, in accordance with the Company Law, allow us to enter into an agreement with outside directors and outside corporate auditors that limits their liabilities incurred in connection with their service. The limitation of the liabilities under such agreement must be the higher of either (i) a pre-determined amount not less than ¥20 million or (ii) the amount prescribed in laws and regulations, which is currently equivalent to two times the annual compensation to such outside director or outside corporate auditor. Pursuant to the provisions, we have entered into such agreements with all of our outside directors and outside corporate auditors that were in office at any time after June 2006.

Based on the rules of the Tokyo Stock Exchange and the Osaka Securities Exchange, companies listed on those stock exchanges are required to have at least one member of the board of directors or the board of corporate auditors to be independent. Currently, two of our directors and three of our corporate auditors meet such independence requirements.

To ensure transparency and objectivity in personnel matters relating to directors, we have established a nominating committee and a compensation committee. Each committee consists of three outside directors and the president.

For additional information on our directors and corporate auditors and our board practices, see Item 6.A. Directors and Senior Management Directors and Corporate Auditors and Item 10.B. Additional Information Memorandum and Articles of Association in this annual report.

The rights of holders of American Depositary Receipts, or ADRs, which evidence ADSs, including such ADR holders rights relating to corporate governance practices, are governed by the deposit agreement, which is included as Exhibit 2.3 to this annual report.

Corporate Governance Practices

Companies listed on the New York Stock Exchange, or NYSE, must comply with certain standards regarding corporate governance under Section 303A of the NYSE Listed Company Manual. However, NYSE-listed companies that are foreign private issuers meeting certain criteria, such as us, are permitted to follow home country practices in lieu of certain provisions of Section 303A, and we are relying on this exemption. See Item 16.G. Corporate Governance for a summary of significant ways in which our corporate governance practices differ from those followed by NYSE-listed U.S. companies.

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6.D. Employees

As of March 31, 2010, 2011 and 2012, we had 57,014, 56,770 and 56,109 employees, respectively, on a consolidated basis, including overseas local staff but excluding advisers and temporary employees. We also had an average of approximately 18,538 temporary employees during the fiscal year ended March 31, 2012.

The following tables show our full-time employees as of March 31, 2012 and the average number of temporary employees for the fiscal year ended March 31, 2012, each broken down based on business segment and geographical location:

Business segment	Number of full-time employees	Average number of temporary employees
Global Corporate Group	18,020	2,256
Global Retail Group	27,353	15,399
Global Asset & Wealth Management Group	5,466	507
Others	5,270	376
Total	56,109	18,538

Business segment	Number of full-time employees	Average number of temporary employees
Japan	93.6%	99.9%
Americas	1.4	0.0
Europe	1.2	0.0
Asia/Oceania (excluding Japan) and others	3.8	0.1
Total	100.0%	100.0%

Most of our full-time non-management employees in Japan are members of a labor union. Outside Japan, some of our employees are members of local unions. We consider our labor relations with employees to be good.

6.E. Share Ownership

The following table shows the number of shares of our common stock owned by our directors and corporate auditors as of June 30, 2012:

Directors	Number of shares owned
Takashi Tsukamoto	138,640
Yasuhiro Sato	28,580
Junichi Nishizawa	182,200
Masaaki Kono	240,500
Hideyuki Takahashi	9,960
Daisaku Abe	46,180
Akihiko Nomiyama	20,400
Mitsuo Ohashi	
Kanemitsu Anraku	7,000

Corporate Auditors	Number of shares owned

Yoshinobu Shigeji	194,100
Toshinari Iyoda	112,870
Masahiro Seki	1,000
Masami Ishizaka	52,400
Isao Imai	15,500

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None of our directors or corporate auditors is the owner of more than one percent of our common stock, and no director or corporate auditor has voting rights with respect to our common stock that are different from any other holder of our common stock.

For information on our stock compensation-type stock options (stock acquisition rights) for directors, see Item 6.B Compensation.

We have employee stock ownership plan under which participating employees of the companies listed below is able to purchase our shares with funds deducted from such employee s salary and bonus payments. The plan administrator makes open-market purchases of our shares for the account of the plan on a monthly basis. The companies contribute matching funds equivalent to 5% of the amounts contributed. The following table shows the numbers of shares that this plan held as of March 31, 2012:

	As of March 31, 2012	
Plan	**Employer companies**	**Number of shares owned**
Mizuho Employee Stock Ownership Plan	Mizuho Financial Group	
	Mizuho Bank	
	Mizuho Corporate Bank	
	Mizuho Trust & Banking	
	Mizuho Asset Management	
	Mizuho Research Institute	
	Mizuho Information & Research Institute	90,106,369
Total		90,106,369

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

Common Stock

The following table sets forth information about the ten largest holders of shares of our common stock appearing on the register of shareholders as of March 31, 2012:

Name	As of March 31, 2012 Number of shares owned	 Percentage of outstanding shares
Japan Trustee Services Bank, Ltd. (trustee account)	1,373,830,800	5.72%
The Master Trust Bank of Japan, Ltd. (trustee account)	881,719,300	3.67
SSBT OD05 Omnibus Account - Treaty Clients	607,227,433	2.53
Barclays Capital Japan Limited	382,687,100	1.59
Japan Trustee Services Bank, Ltd. (trustee account 9)	362,109,600	1.51
Japan Trustee Services Bank, Ltd. (trustee account 4)	280,168,000	1.17
The Dai-ichi Life Insurance Company, Limited	255,691,025	1.06
Japan Trustee Services Bank, Ltd. (trustee account 1)	198,136,900	0.82
Japan Trustee Services Bank, Ltd. (trustee account 6)	190,801,600	0.79
State Street Bank - West Pension Fund Clients - Exempt	180,008,353	0.75
Total	4,712,380,111	19.62%

As of March 31, 2012, there were 162 record holders of our common stock with addresses in the United States, whose shareholdings represented approximately 7 % of our outstanding common stock on that date. Because some of these shares were held by brokers or other nominees, the number of record holders with addresses in the United States might not fully reflect the number of beneficial owners in the United States.

Preferred Stock

Classes of preferred stock with shares outstanding as of March 31, 2012 consisted of eleventh series class XI and thirteenth series class XIII preferred stock, all of which are non-voting. The following tables set forth information about the ownership of shares of eleventh series class XI preferred stock and thirteenth series class XIII preferred stock by our major shareholders of the respective preferred stock as of March 31, 2012, as appearing on the register of preferred shareholders:

Eleventh Series Class XI Preferred Stock

Name	As of March 31, 2012 Number of shares owned	 Percentage of outstanding shares
Marubeni Corporation	14,500,000	3.88%
Shimizu Corporation	10,000,000	2.68
Electric Power Development Co., Ltd.	10,000,000	2.68
Nippon Express Co., Ltd.	10,000,000	2.68
JFE Steel Corporation	6,000,000	1.61
Nippon Steel Corporation	6,000,000	1.61
All Nippon Airways Co., Ltd.	6,000,000	1.61
Daiichi Sankyo Company, Limited	6,000,000	1.61
Canon Inc.	5,000,000	1.34
Kyushu Electric Power Company, Incorporated	5,000,000	1.34

Total	78,500,000	21.01%

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Thirteenth Series Class XIII Preferred Stock

Name	As of March 31, 2012 Number of shares owned	Percentage of outstanding shares
Nippon Oil Finance (Netherlands) B.V.	6,000,000	16.35%
Shiseido Company, Limited	5,000,000	13.63
Sharp Finance Corporation	5,000,000	13.63
Sharp International Finance (U.K.) Plc	5,000,000	13.63
Nissin Foods Holdings Co., Ltd.	3,000,000	8.18
Obayashi Corporation	2,000,000	5.45
Yanmar Co., Ltd.	2,000,000	5.45
KOSE Corporation	1,000,000	2.73
Fuji Media Holdings, Inc.	1,000,000	2.73
Kurabo Industries Ltd.	500,000	1.36
Total	30,500,000	83.13%

As of March 31, 2012, there were no holders of our preferred stock with addresses in the United States.

To our knowledge, we are not directly or indirectly owned or controlled by any other corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly. We know of no arrangements the operation of which may at a later time result in a change of control.

7.B. Related Party Transactions

We and our subsidiary banks had, and expect to have in the future, banking transactions and other transactions in the ordinary course of business with our related parties. Although, for the fiscal year ended March 31, 2012, such transactions included, but were not limited to, call money, loans, deposits, guarantees and foreign exchange transactions, those transactions were immaterial and were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectability or present other unfavorable features.

During the fiscal year ended March 31, 2012, none of our directors or executive officers or corporate auditors, and none of the close members of their respective families, had any transactions that are material or any transactions that are unusual in their nature or conditions, involving goods, services or tangible or intangible assets, to which we were, are or will be a party, and there were no such transactions proposed as of March 31, 2012.

During the fiscal year ended March 31, 2012, no loans were made to our directors or executive officers or corporate auditors other than loans in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and involving no more than the normal risk of collectability or presenting other unfavorable features.

7.C. Interests of Experts and Counsel

Not applicable.

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ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

Financial Statements

Our consolidated financial statements are set forth in this annual report under Item 18. Financial Statements.

Legal Proceedings

We are involved in normal collection proceedings initiated by us and other legal proceedings in the ordinary course of our business. In addition, we are involved in the following legal proceedings.

An Indonesian subsidiary of ours acts as collateral agent for the trustee of bond issuances made by subsidiaries of Asia Pulp & Paper Company Ltd. (APP). In that role, the subsidiary is involved in a dispute between the bondholders and such APP subsidiaries in their capacities as the issuers, guarantors and/or pledgors of security for the bonds relating to foreclosure proceedings on the collateral and has been named as a defendant in a lawsuit brought by the obligors under the bonds in Indonesia. Our consolidated financial statements do not include a reserve in relation to this dispute because we do not believe the resolution of this matter will have a significant impact on our consolidated financial condition or results of operations, although there can be no assurance as to the foregoing.

In July 2012, Mizuho Securities USA, a subsidiary of Mizuho Securities, entered into a settlement with the Securities and Exchange Commission with respect to alleged misconduct of certain former employees in connection with a collateralized debt obligation that it structured and marketed in 2007. Under the settlement, Mizuho Securities USA agreed to pay a total of $127.5 million in penalties, disgorgement and prejudgment interest, without either admitting or denying any wrongdoing. Because, in the fiscal year ended March 31, 2012, the Mizuho Financial Group had accrued an adequate liability for contingencies in connection with this matter in an amount that covered most of the foregoing settlement amount, the settlement will not have any material effect on the Group s results of operations for the fiscal year ending March 31, 2013.

Dividend Policy

We have been implementing disciplined capital management by pursuing the optimal balance between strengthening of stable capital base and steady returns to shareholders.

Based on the above policy, we paid annual cash dividends for the fiscal year ended March 31, 2012 of ¥6 per share of common stock (interim cash dividends of ¥3 per share of common stock and cash dividends at the end of the fiscal year of ¥3 per share of common stock). With respect to each class of preferred stock, we made dividend payments for the fiscal year ended March 31, 2012 as prescribed.

Our articles of incorporation provide for our ability to distribute an interim dividend to shareholders of record as of September 30 in each year pursuant to Article 454 Paragraph 5 of the Company Law, and we intend to distribute dividends twice per year, at the interim period and the end of the period, to return profits to shareholders in a timely way.

The distribution of surplus for the fiscal year end is subject to the authorization by a general meeting of shareholders, while the distribution of surplus for the interim period is made by resolution of our board of directors.

We will apply retained earnings to strengthen our financial condition and to the development of our business going forward.

8.B. Significant Changes

Except as disclosed in note 34 to our consolidated financial statements, no significant change in our financial position has occurred since the date of the financial statements included in this annual report.

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ITEM 9. THE OFFER AND LISTING

9.A. Listing Details

Market Price Information for Our American Depositary Shares

Our ADSs are listed on the New York Stock Exchange.

The following table sets forth, for the periods indicated, the high and low trading prices and average daily trading volume on the New York Stock Exchange for our ADSs:

Fiscal years ended/ending March 31,	Price per ADS High	Price per ADS Low	Average daily trading volume (shares)
2008	$ 14.95	$ 7.01	164,439
2009	12.00	3.26	420,986
2010	5.70	3.33	520,497
2011	4.27	2.67	720,409
2012	3.42	2.43	779,986
2011:			
First quarter	4.12	3.23	347,132
Second quarter	3.46	2.87	758,201
Third quarter	3.87	2.67	791,666
Fourth quarter	4.27	3.20	987,141
2012:			
First quarter	3.41	2.98	1,051,168
Second quarter	3.42	2.77	701,948
Third quarter	2.99	2.43	609,654
Fourth quarter	3.40	2.69	758,067
2013:			
First quarter	3.35	2.80	452,314
Most recent six months:			
January	3.04	2.69	829,853
February	3.37	3.04	682,749
March	3.40	3.20	761,277
April	3.30	2.99	420,940
May	3.11	2.80	506,135
June	3.35	2.80	425,811
July (through July 20)	3.41	3.10	407,046

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Market Prices Information for Our Shares

See Item 9.C. The Offer and Listing Markets for information on the stock exchanges on which our common stock is listed.

The following table sets forth, for the periods indicated, the high and low trading prices and average daily trading volume on the First Section of the Tokyo Stock Exchange for our common stock:

Fiscal years ended/ending March 31,	Price per share High	Price per share Low	Average daily trading volume (shares)
2008[1]	¥ 911,000	¥ 360,000	120,603
2009[2]	606	166	184,530,927
2010	274	146	170,679,648
2011	192	110	173,457,514
2012	146	98	107,266,520
2011:			
First quarter	192	145	123,783,646
Second quarter	147	121	200,247,386
Third quarter	158	110	168,715,215
Fourth quarter	177	117	200,651,253
2012:			
First quarter	141	119	107,583,580
Second quarter	139	110	108,696,137
Third quarter	115	98	80,150,326
Fourth quarter	146	105	132,589,166
2013:			
First quarter	138	110	95,949,077
Most recent six months:			
January	118	105	90,031,589
February	140	114	158,275,900
March	146	131	145,406,905
April	138	122	111,412,095
May	127	112	80,972,010
June	134	110	96,199,462
July (through July 23)	136	121	78,901,560

Notes:

(1) Under the new central book-entry transfer system in Japan, which became effective in January 2009, fractional shares are not eligible for book-entry transfer. Accordingly, an allotment of shares or fractions of a share without consideration was made to all shareholders and holders of fractional shares at the rate of 999 shares per 1 share and 9.99 shares per every 0.01 of a share, effective on January 4, 2009. The price and volume figures in the above table prior to December 31, 2008 are figures before such allotment was made.

(2) The price and volume figures prior to December 31, 2008 are adjusted to reflect the allotment of shares or fractions of a share without consideration at the rate of 999 shares per 1 share and 9.99 shares per every 0.01 of a share.

9.B. Plan of Distribution

Not applicable.

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9.C. Markets

The principal trading market for our shares of common stock is the First Section of the Tokyo Stock Exchange. Our shares have been listed on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange, under the code 8411, since our establishment as the holding company of the Mizuho group on March 12, 2003, as the successor to Mizuho Holdings.

Our ADSs have been listed on the New York Stock Exchange since November 8, 2006 and are quoted under the ticker symbol MFG.

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

Objects and Purposes in our Articles of Incorporation

Our corporate purpose, as specified in article 2 of our articles of incorporation, which is included in this annual report as Exhibit 1.1, is to engage in the following businesses as a bank holding company:

- operation and management of bank holding companies, banks, long-term credit banks, specialized securities companies and other companies which we may own as our subsidiaries under the Banking Law; and

- any other business incidental to the foregoing.

Our Board of Directors

There is no provision in our articles of incorporation as to our directors power to vote on a proposal, arrangement or contract in which a director is materially interested. The Company Law, however, requires such director to refrain from voting on such matters at meetings of the board of directors.

The Company Law provides that compensation for directors be determined at a general meeting of shareholders. Our board of directors will determine the compensation for each director without exceeding the upper limit on the aggregate amount of compensation for directors as a group approved by the general meeting of shareholders. Our board of directors may, by its resolution, leave this decision to the discretion of our president.

The Company Law provides that the board of directors must approve significant loans from any third party to the company.

Neither the Company Law nor our articles of incorporation set a mandatory retirement age for our directors.

There is no requirement concerning the number of shares an individual must hold to qualify as a director under the Company Law or our articles of incorporation.

Common Stock

General

Set forth below is information concerning our shares of common stock, including brief summaries of certain provisions of our articles of incorporation, our share handling regulations and the Company Law (*Kaisha Hou*) (Law No. 86 of 2005, as amended) relating to joint stock corporations (*kabushiki kaisha*) and certain related legislation, all as currently in effect.

Under our articles of incorporation, we are authorized to issue 48,000,000,000 shares of common stock.

As of March 31, 2012, 24,048,165,727 shares of common stock were issued.

Where relevant to the common stock, provisions of our preferred stock are also described below.

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Distribution of Surplus

General

Under the Company Law, distribution of cash or other assets by a joint stock corporation to its shareholders, including dividends, takes the form of distribution of Surplus (as defined in Restriction on Distribution of Surplus). We are permitted to make distributions of Surplus to our shareholders any number of times per fiscal year pursuant to resolutions of our general meeting of shareholders, subject to certain limitations described in Restriction on Distribution of Surplus. Distributions of Surplus are required in principle to be authorized by a resolution of a general meeting of shareholders. Distributions of Surplus are, however, permitted pursuant to a resolution of the board of directors if:

(1) our articles of incorporation so provide (our current articles of incorporation do not have such provision);

(2) the normal term of office of our directors is one year; and

(3) our non-consolidated annual financial statements and certain documents for the latest fiscal year fairly present our assets and profit and loss, as required by an ordinance of the Ministry of Justice.

In an exception to the above rule, even if the requirements described in (1) through (3) are not met, we are permitted to make distributions of Surplus in cash to our shareholders by resolutions of the board of directors once per fiscal year if our articles of incorporation so provide. Our current articles of incorporation provide such distribution of Surplus as interim dividends, the record date for which is September 30 each year.

Distributions of Surplus may be made in cash or in kind in proportion to the number of shares of common stock held by each shareholder. A resolution of a general meeting of shareholders or the board of directors authorizing a distribution of Surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of Surplus is to be made in kind, we may, pursuant to a resolution of a general meeting of shareholders or (as the case may be) the board of directors, grant the right to our shareholders to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of Surplus must be approved by a special resolution of a general meeting of shareholders (see Voting Rights with respect to a special resolution).

Under our articles of incorporation, the record date for annual dividends and interim dividends is March 31 and September 30, respectively, in each year. In Japan, the ex-dividend date (the date from which purchasers of shares through Japanese stock exchanges will not be entitled to the dividends to be paid to registered shareholders as of any record date) and the record date for dividends precede the date of determination of the amount of the dividend to be paid. The ex-dividend date of the shares of common stock is generally the second business day prior to the record date. Under our articles of incorporation, we are not obligated to pay any distribution of Surplus to be made in cash which has not been received after the lapse of five years from the commencement date of such distribution.

Restriction on Distribution of Surplus

Payment of annual dividends on shares of common stock is subject to the prior payment of dividends on shares of preferred stock of ¥20 per share of eleventh series class XI preferred stock and ¥30 per share of thirteenth series class XIII preferred stock. Payment of an interim dividend on shares of our common stock is also subject to the prior payment of an interim preferred dividend of one-half the annual preferred dividend amount on the shares of the two series of preferred stock.

In making a distribution of Surplus, we must set aside in our additional paid-in capital and/or legal reserve an amount equal to one-tenth of the amount of Surplus so distributed, until the sum of its additional paid-in capital and legal reserve reaches one-quarter of its stated capital.

The amount of Surplus at any given time must be calculated in accordance with the following formula:

$$A + B + C + D - (E + F + G)$$

In the above formula:

A = the total amount of other capital surplus and other retained earnings, each such amount being that appearing on our non-consolidated balance sheet as of the end of the last fiscal year

B = (if we have disposed of our treasury stock after the end of the last fiscal year) the amount of the consideration for such treasury stock received by us less the book value thereof

C = (if we have reduced our stated capital after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to additional paid-in capital or legal reserve (if any)

D = (if we have reduced our additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any)

E = (if we have cancelled our treasury stock after the end of the last fiscal year) the book value of such treasury stock

F = (if we have distributed Surplus to our shareholders after the end of the last fiscal year) the total book value of the Surplus so distributed

G = certain other amounts set forth in an ordinance of the Ministry of Justice, including:

- if we have reduced Surplus and increased our stated capital, additional paid-in capital or legal reserve after the end of the last fiscal year, the amount of such reduction; and

- if we have distributed Surplus to shareholders after the end of the last fiscal year, the amount set aside in our additional paid-in capital or legal reserve, if any, as required by ordinances of the Ministry of Justice.

The aggregate book value of Surplus distributed by us may not exceed a prescribed distributable amount (the Distributable Amount), as calculated on the effective date of such distribution. The Distributable Amount at any given time shall be the amount of Surplus less the aggregate of (a) the book value of our treasury stock, (b) the amount of consideration for any of our treasury stock disposed of by us after the end of the last fiscal year and (c) certain other amounts set forth in an ordinance of the Ministry of Justice, including (if the sum of one-half of our goodwill and deferred assets exceeds the total of the stated capital, additional paid-in capital and legal reserve, each such amount being the amount in our non-consolidated balance sheet as of the end of the last fiscal year) all or certain part of such exceeding amount as calculated in accordance with the ordinances of the Ministry of Justice.

If we have become at our option a company with respect to which its consolidated balance sheet should also be considered in the calculation of the Distributable Amount (*renketsu haito kisei tekiyo kaisha*), we shall further deduct from the amount of Surplus the excess amount, if any, of (x) the total amount of the shareholders equity appearing on our non-consolidated balance sheet as of the end of the last fiscal year and certain other amounts set forth by an ordinance of the Ministry of Justice over (y) the total amount of the shareholders equity and certain other amounts set forth by an ordinance of the Ministry of Justice appearing on our consolidated balance sheet as of the end of the last fiscal year. We did not opt for becoming such a company with respect to the fiscal year ended March 31, 2012.

If we have prepared interim financial statements as described below, and if such interim financial statements have been approved by the board of directors or (if so required by the Company Law) by a general meeting of shareholders, then the Distributable Amount must be adjusted to take into account the amount of profit or loss, and the amount of consideration for any of our treasury stock disposed of by us, during the period in respect of which such interim financial statements have been prepared. We may prepare non-consolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last fiscal year and an income statement for the period from the first day of the current fiscal year to the date of such balance sheet. Interim financial statements so prepared by us must be audited by our corporate auditors and/or outside accounting auditor, as required by an ordinance of the Ministry of Justice.

Capital and Reserves

We may reduce our additional paid-in capital or legal reserve generally by resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as stated capital. On the other hand, we may reduce our stated capital generally by special resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as additional paid-in capital or legal reserve. In addition, we may reduce our Surplus and increase either (i) stated capital or (ii) additional paid-in capital and/or legal reserve by the same amount, in either case by resolution of a general meeting of shareholders.

Stock Splits

We may at any time split shares of common stock into a greater number of shares of common stock by resolution of the board of directors. When a stock split is to be made, so long as our only class of outstanding stock is the common stock, we may increase the number of authorized shares in the same ratio as that of such stock split by amending our articles of incorporation, of which amendment may be effected by resolution of the board of directors without approval by shareholders.

Unit Share System

We have adopted the unit share system under which shareholders will have one voting right for each unit of shares consisting of 100 shares held by them at general meetings of shareholders or at meetings of holders of a particular class of shares, and shares constituting less than a full unit will carry no voting rights. See Preferred Stock Voting Rights for information on the voting rights that holders of preferred stock may have at general meetings of shareholders. Our articles of incorporation provide that the holders of shares constituting less than a full unit will not have shareholder rights, except for those specified in an ordinance of the Ministry of Justice which include rights (i) to receive dividends, (ii) to receive cash or other assets in case of a consolidation or split of shares, share exchange or share transfer, or merger or (iii) to be allotted rights to subscribe for free for new shares and stock acquisition rights when such rights are granted to shareholders. Holders of shares constituting less than a full unit may at any time request us to purchase such shares constituting less than a full unit (a) at the current market price as determined pursuant to the Company Law in cases of such shares having a market price (such as our common stock) or (b) at the price as determined through negotiations between the holders of shares constituting less than a full unit and us in cases where such shares have no market price (such as our preferred stock), which request may not be withdrawn without our consent. In addition, holders of shares constituting less than a full unit may require us to sell them such number of shares, which, when combined with the number of shares already held by such holder, shall constitute a whole unit of shares; provided that we will be obliged to comply with such request only when we own a sufficient number of shares to accommodate such request. As prescribed in our share handling regulations, such requests shall be made through an account managing institution at which such shareholder has its account and Japan Securities Depository Center, Inc. (JASDEC) pursuant to the rules of JASDEC, without going through the notification procedure required for the exercise of shareholders rights entitled regardless of record dates as described in Transfer of Shares. The board of directors may reduce the number of shares constituting one unit of shares or cease to use the unit share system by amendments to the articles of incorporation without a special resolution of the general meeting of shareholders which would otherwise be required.

General Meetings of Shareholders

The ordinary general meeting of shareholders shall be held no later than three months from the last day of each business year and is normally held in June of each year. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary. Notice of a general meeting of shareholders stating the place, the time and the purpose thereof must be given to each shareholder having voting rights (or, in the case of a non-resident shareholder, to its standing proxy or mailing address in Japan) at least two weeks prior to the date set for the meeting. The record date for an ordinary general meeting of shareholders is March 31 of each year.

Any shareholder holding at least 300 voting rights or 1% of the total number of voting rights for six months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a request to a representative director at least eight weeks prior to the date of such meeting. Any of the minimum percentages, time periods and number of voting rights necessary for exercising the minority shareholder rights described above may be decreased or shortened if our articles of incorporation so provide.

Voting Rights

Our shareholders have one voting right for each unit of shares held by them (regarding the voting rights held by holders of preferred stock, see Preferred Stock Voting Rights).

Except as otherwise provided by law or in our articles of incorporation, a resolution shall be adopted at a general meeting of shareholders by a majority of the voting rights held by the shareholders present at the meeting. Our articles of incorporation provide that the quorum for election of directors and corporate auditors is one-third of the total number of voting rights. Our shareholders are not entitled to cumulative voting in the election of directors. A shareholder may exercise its voting rights in writing or through a proxy, provided that the proxy shall also be a holder of our shares having voting rights at such meeting.

The Company Law provides that certain important matters shall be approved by a special resolution of a general meeting of shareholders. Under our articles of incorporation, the quorum for a special resolution is one-third of the total number of voting rights, and the approval of not less than two-thirds of the voting rights held by the shareholders present at the meeting is required for adopting a special resolution. Such important matters include:

1. any amendment to our articles of incorporation (except for such amendments that may be authorized by the board of directors under the Company Law such as (i) an increase of the number of authorized shares in the same ratio as that of a stock split, (ii) a reduction of the number of shares per unit of shares and (iii) abolishing the unit share system);

2. dismissal of a corporate auditor;

3. our dissolution, merger or consolidation requiring shareholders approval;

4. establishment of a parent and wholly-owned subsidiary relationship by way of a share transfer (*kabushiki-iten*) or share exchange (*kabushiki-kokan*) requiring shareholders approval;

5. transfer of the whole or a substantial part of our business;

6. taking over of the whole of the business of another company requiring shareholders approval;

7. our corporate split requiring shareholders approval;

8. consolidation of shares of common stock;

9. acquisition of shares of common stock by us from a specific shareholder other than our subsidiary;

10. distribution of Surplus in kind (except when shareholders are granted the right to require to make such distribution in cash instead of in kind);

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11. issuance or transfer of new shares or existing shares held by us as treasury stock to persons other than the shareholders at a specially favorable price; and

12. issuance of stock acquisition rights (including those incorporated in bonds with stock acquisition rights) to persons other than the shareholders at a specially favorable price or under specially favorable conditions.

Liquidation Rights

In the event of our liquidation, the assets remaining after payment of all debts, liquidation expenses, taxes and distributions of residual assets relating to the then outstanding preferred stock will be distributed among holders of common stock in proportion to the respective numbers of shares held by them. See Preferred Stock Liquidation Rights.

Issue of Additional Shares and Pre-emptive Rights

Holders of the common stock have no pre-emptive rights. Authorized but unissued shares of common stock may be issued at such times and upon such terms as the board of directors determines, subject to the limitations as to the issuance of new shares of common stock at a specially favorable price mentioned in Voting Rights. In the case of an issuance or transfer of shares or stock acquisition rights by way of an allotment to a third party which would dilute the outstanding voting shares by 25% or more or change the controlling shareholder, in addition to a board resolution, the approval of the shareholders or an affirmative opinion from a person independent of our management is generally required pursuant to the regulations of the stock exchanges in Japan. The board of directors may, however, determine that shareholders of a particular class of stock shall be given subscription rights to new shares of the same class, in which case they must be given on uniform terms to all shareholders of that class as of a record date of which not less than two weeks prior public notice must be given. Each of the shareholders to whom such rights are given must also be given at least two weeks prior notice of the date on which such rights expire (but see Preferred Stock Issue of Additional Shares and Pre-emptive Rights regarding our preferred stock).

Stock Acquisition Rights

We may issue stock acquisition rights (*shinkabu yoyakuken*). Holders of stock acquisition rights are entitled to acquire shares from us, upon payment of the applicable exercise price, and subject to other terms and conditions thereof. We may also issue bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). The issuance of stock acquisition rights and bonds with stock acquisition rights may be authorized by the board of directors unless it is made at a specially favorable price or under specially favorable conditions, as described in Voting Rights.

Record Date

As mentioned above, March 31 is the record date for the payment of annual dividends and the determination of shareholders entitled to vote at the ordinary general meeting of shareholders. September 30 is the record date for the payment of interim dividends. In addition, by a resolution of the board of directors and after giving at least two week s prior public notice, we may at any time set a record date in order to determine the shareholders who are entitled to certain rights pertaining to our stock.

JASDEC is required to give us notice of the names and addresses of our shareholders, the numbers of shares held by them and other relevant information as of such record date promptly after we set each record date.

Acquisition by Us of Common Stock

We may acquire shares of common stock:

1. by way of purchase on any Japanese stock exchange on which the shares of our common stock are listed or by way of tender offer (in either case pursuant to a resolution of the board of directors as currently authorized by our articles of incorporation);

2. from a specific shareholder other than any of our subsidiaries (pursuant to a special resolution of a general meeting of shareholders); or

3. from any of our subsidiaries (pursuant to a resolution of the board of directors).

In the case of 2. above, any other shareholder may make a request to a representative director to be included as a seller in the proposed purchase, unless the purchase price or any other consideration to be received by the relevant specific shareholder will not exceed the last trading price of the shares on the relevant stock exchange on the day immediately preceding the date on which the resolution mentioned in 2. above was adopted (or, if there is no trading in the shares on the stock exchange or if the stock exchange is not open on such day, the price at which the shares are first traded on such stock exchange thereafter).

The total amount of the purchase price of shares of common stock may not exceed the Distributable Amount, as described in Distribution of Surplus Restriction on Distribution of Surplus.

We may hold the shares of common stock acquired, and may generally transfer or cancel such shares by resolution of the board of directors.

Disposal of Shares of Common Stock Held by Shareholders whose Location is Unknown

We are not required to send notices to a shareholder if notices given by us to such shareholder fail to arrive for five consecutive years or more at its address registered in our register of shareholders or otherwise notified to us.

In the above case, if the relevant shareholder also fails to receive dividends on the shares continuously for five years or more at its address registered in our register of shareholders or otherwise notified to us, then we may in general dispose of such shares at their then market price and hold or deposit the proceeds of such disposition on behalf of the relevant shareholder.

Reporting of Substantial Shareholders

The Financial Instruments and Exchange Law and its related regulations require any person who has become, beneficially and solely or jointly, a holder of more than 5% of the total issued shares of capital stock of a company that is listed on any Japanese stock exchange to file a report with the Director of the relevant Local Finance Bureau of the Ministry of Finance within five business days. With certain exceptions, a similar report must also be filed in respect of any subsequent change of 1% or more in the holding or of any change in material matters set forth in any previously filed reports. For this purpose, shares issuable to such person upon conversion of convertible securities or exercise of share subscription warrants or stock acquisition rights are taken into account in determining both the number of shares held by the holder and the company s total issued share capital. Copies of each report must also be furnished to the company issuing the shares and to all the Japanese stock exchanges on which the shares are listed.

There are other reporting requirements under the Banking Law. See Item 4.B. Information on the Company Business Overview Supervision and Regulation Japan Examination and Reporting Applicable to Shareholders.

Holding of Shares of Our Common Stock by Foreign Investors

There are no limitations imposed by the laws of Japan, our articles of incorporation or our other constituent documents on the rights of non-residents or foreign shareholders to hold or exercise voting rights on our shares of common stock or preferred stock.

Transfer of Shares

At present, JASDEC is the only institution that is designated by the relevant authorities as a clearing house which is permitted to engage in the clearing operations of listed shares under the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. (Law No. 75 of 2001, including regulations promulgated thereunder; the Book-entry Law). Under the clearing system above, in order for any person to hold, sell or otherwise dispose of listed shares, such person must have an account at an account managing institution unless such person has an account at JASDEC. Account managing institutions are financial instruments business operators (i.e., securities companies), banks, trust companies and certain other financial institutions which meet the requirements prescribed by the Book-entry Law, and only those financial institutions that meet further stringent requirements of the Book-entry Law can open accounts directly at JASDEC. Under the Book-entry Law, any transfer of shares is effected through book entry, and title to the shares passes to the transferee at the time when the transferred number of the shares is recorded at the transferee s account at an account managing institution. The holder of an account at an account managing institution is presumed to be the legal owner of the shares held in such account. Under the Company Law and the Book-entry Law, in order to assert shareholders rights to which shareholders as of record dates are entitled (such as the rights to vote at a general meeting of shareholders or receive dividends) against us, a shareholder must have its name and address registered in our register of shareholders. Under the clearing system, such registration is made upon our receipt of necessary information from JASDEC. On the other hand, in order to assert shareholders rights to which shareholders are entitled regardless of record dates such as minority shareholders rights including the right to propose a matter to be considered at a general meeting of shareholders, except for shareholders rights to request us to purchase or sell shares constituting less than a full unit (as described in Unit Share System), upon the shareholder s request, JASDEC shall issue a notice of certain information, including the name and address of such shareholder, to us. Thereafter, such shareholder is required to present us a receipt of the request of the notice in accordance with our share handling regulations. Under the Book-entry Law, the shareholder shall exercise such shareholders right within four weeks after the notice above. Non-resident shareholders are required to appoint a standing proxy in Japan or provide a mailing address in Japan. Each such shareholder must give notice of such standing proxy or mailing address to the relevant account managing institution. Such notice will be forwarded to us through JASDEC. Japanese securities companies and commercial banks customarily act as standing proxies and provide related services for standard fees. Notices from us to non-resident shareholders are delivered to such standing proxies or mailing addresses.

Under the clearing system, shares constituting less than one unit are transferable. Under the rules of the Japanese stock exchanges, however, shares constituting less than one unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on Japanese stock exchanges.

Our transfer agent is Mizuho Trust & Banking, located at 2-1, Yaesu 1-chome, Chuo-ku, Tokyo 103-8670, Japan.

The registered holder of deposited shares underlying the ADSs is the depositary for the ADSs. Accordingly, holders of ADSs will not be able to directly assert their shareholders rights against us.

Preferred Stock

The following is a summary of information concerning the shares of our preferred stock, including brief summaries of the relevant provisions of our articles of incorporation, our share handling regulations and the

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Company Law and certain related legislation, all as currently in effect. The detailed rights of our preferred stock are set forth in our articles of incorporation and the resolutions of our board of directors relating to the issuance of the relevant series of preferred stock.

General

Under our articles of incorporation, we are authorized to issue 1,369,512,000 shares of class XI preferred stock, 1,500,000,000 shares of class XII preferred stock and 1,500,000,000 shares of class XIII preferred stock.

As of March 31, 2012, 914,752,000 shares of eleventh series class XI preferred stock and 36,690,000 shares of thirteenth series class XIII preferred stock were issued and there were no fractional shares of each series of preferred stock.

Preferred Dividends

Payment of annual dividends on shares of common stock is subject to the prior payment on shares of preferred stock. The amount of preferred dividends for each type of outstanding preferred stock is as follows:

- Eleventh series class XI preferred stock bears an annual non-cumulative dividend of ¥20 per share, and in the event we pay an interim dividend, holders are entitled to receive ¥10 per share in preference to common stock.

- Thirteenth series class XIII preferred stock bears an annual non-cumulative dividend of ¥30 per share, and in the event we pay an interim dividend, holders are entitled to receive ¥15 per share in preference to common stock.

The amount of any preferred interim dividend will be deducted from the preferred dividend payable on preferred stock in respect of the same fiscal year.

No payment of dividends on our preferred stock or any other stock may be made unless we have sufficient Distributable Amount and a resolution to pay such dividend is obtained at the relevant ordinary general meeting of shareholders, in the case of annual dividends or at the board of directors, in the case of preferred interim dividends.

Dividends on our preferred stock are non-cumulative. If the full amount of any dividend is not declared on our preferred stock in respect of any fiscal year, holders of our preferred stock do not have any right to receive dividends in respect of the deficiency in any subsequent fiscal year, and we will have no obligation to pay the deficiency or to pay any interest regardless of whether or not dividends are paid in respect of any subsequent fiscal year. The holders of our preferred stock are not entitled to any further dividends or other participation in or distribution of surplus.

Liquidation Rights

In the event of our voluntary or involuntary liquidation, holders of our preferred stock will be entitled, equally in rank as among themselves and in preference over shares of common stock, to receive a distribution of ¥1,000 per share out of our residual assets upon our liquidation in the case of eleventh series class XI and thirteenth series class XIII preferred stock.

Holders of our preferred stock are not entitled to any further dividends or other participation in or distribution of our residual assets upon our liquidation.

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Voting Rights

No holder of preferred stock has a right to receive notice of, or to vote at, a general meeting of shareholders, except as otherwise specifically provided under the Company Law or other applicable law or our articles of incorporation. Under our articles of incorporation, holders of units of our preferred stock will be entitled to receive notice of, and to vote at, general meetings of shareholders:

- from the commencement of any ordinary general meeting of shareholders if an agenda for approval to declare a preferred dividend is not submitted to such meeting; or

- from the close of any ordinary general meeting of shareholders if a proposed resolution to declare a preferred dividend is not approved at such meeting,

until in each case such time as a resolution of an ordinary general meeting of shareholders declaring a preferred dividend is approved.

A separate resolution of a meeting of the holders of the preferred stock is required in order to approve the following matters which would prejudice the interests of the holders of the relevant preferred stock:

(i) an amendment to the articles of incorporation to add new classes of shares to be issued, alter the terms of the shares or increase the number of authorized number of shares or authorized number of any class of shares, with certain exceptions;

(ii) consolidation or split of shares;

(iii) pro rated allocation of shares or stock acquisition rights to shareholders without any consideration;

(iv) granting pre-emptive rights for new shares or stock acquisition rights to shareholders;

(v) amalgamations or mergers;

(vi) certain corporate splits;

(vii) share exchanges;

(viii) share transfers; and

(ix) other matters set forth in the articles of incorporation.

Such separate resolution is not required when the articles of incorporation so provide, except in the case of (i) above.

A separate resolution of a meeting of the holders of the common stock is also required in cases where the above matters would prejudice the interests of the holders of the common stock.

Under our articles of incorporation, in cases where a matter to be resolved at an ordinary general meeting of shareholders is required to be approved by such separate resolution, the record date for the relevant meeting of the holders of the common stock or the preferred stock, as the case may be, is the same date as the record date for the ordinary general meeting of shareholders, when is March 31 of each year.

Ranking

We will not (unless the requisite sanction has been given by holders of preferred stock) create or issue any other shares ranking, as regards order of participation in the profits or assets of us on a liquidation or otherwise, in priority to the preferred stock in issue, but we may issue, without obtaining the consent of holders of the preferred stock in issue, other preferred stock ranking pari passu with the preferred stock in issue as regards the order of such participation in profits or assets of us and carrying such rights as to rates of preferred dividends or terms of conversion as the board of directors may determine, subject to the limitations set forth in our articles of incorporation and the Company Law.

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Acquisition of Preferred Stock

We may, if required, subject to regulatory approval, acquire any shares of the preferred stock then outstanding at any time out of the Distributable Amount (as defined in Common Stock Restriction on Distribution of Surplus). We may also, acquire all or a portion of the thirteenth series class XIII preferred stock on or after April 1, 2013 at a price of ¥1,000 per share, with the equivalent amount of preferred dividends accrued to such acquisition, without consent of the holders of such preferred stock. When a portion of a certain class of preferred stock is acquired, such acquisition shall be made from each holder thereof in number of shares determined by way of a lot or pro rata allocation.

Stock Splits

Our articles of incorporation provide that no stock split, stock consolidation or free distribution of stock shall be made in respect of the preferred stock unless otherwise provided for in any law or regulation.

Issue of Additional Shares and Pre-emptive Rights

Our articles of incorporation provide that no holder of our preferred stock has any pre-emptive right to subscribe for or purchase shares, stock acquisition rights or bonds with stock acquisition rights in the event of an issuance of additional shares or bonds and that no free distribution of stock acquisition rights may be made to the holders of our preferred stock.

Conversion

Our articles of incorporation provide that holders of class XI or XII (currently not in issue) preferred stock may, at their option, convert their shares to common stock by requesting us to acquire such shares and issue or transfer common stock to them. Other classes of our preferred stock outstanding are non-convertible.

Our articles of incorporation also provide that class XI or XII (currently not in issue) preferred stock outstanding on the last day of the acquisition period will be mandatorily acquired by us on the immediately following day (the mandatory conversion date) in consideration of shares of common stock of which number shall be calculated at the then-current market price per share of our common stock (the mandatory conversion price).

Eleventh series class XI preferred stock may, at the option of the holder thereof, be acquired at any time from July 1, 2008 to June 30, 2016 in consideration of shares of common stock of which number shall be calculated at ¥282.90 per share, subject to anti-dilution adjustments due to, among other things, issuance of new shares of our common stock at issue price below the market price. For the purpose of determining the mandatory conversion price and the conversion price adjusted pursuant to the anti-dilution clause, the market price shall mean the average price of daily closing prices of our common stock on the Tokyo Stock Exchange for the 30 consecutive trading days commencing on the 45th trading day prior to the mandatory conversion date or the date on which the conversion price after the adjustment becomes effective, respectively. Anti-dilution adjustments are triggered upon an issuance of common stock at prices that are lower than the then current market price, stock splits and free allotments of common stock, and other similar events, so that the impact of these events are properly reflected in the conversion price.

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The anti-dilution adjustments will generally be made in accordance with the following formula.

$$\text{Conversion price after adjustment}^{(1)} = \text{Conversion price before adjustment}^{(1)} \times \frac{\text{Number of shares of common stock already issued} + \dfrac{\text{Number of shares of common stock to be newly issued} \times \text{Subscription money per share}}{\text{Current market price per share}}}{\text{Number of shares of common stock already issued} + \text{Number of shares of common stock to be newly issued}}$$

Note:

(1) Conversion of the preferred stock is conducted through the acquisition of the relevant shares of preferred stock by us followed by the delivery of the applicable number of shares of common stock. As such, the word acquisition is used in lieu of conversion in our articles of incorporation.

10.C. Material Contracts

There were no material contracts entered into by us for the two years preceding the filing of this annual report that were not entered into in the ordinary course of business.

10.D. Exchange Controls

Foreign Exchange and Foreign Trade Law

The Foreign Exchange and Foreign Trade Law of Japan and the cabinet orders and ministerial ordinances incidental thereto, collectively the Foreign Exchange Law, set forth, among other matters, the regulations relating to the receipt by non-residents of Japan of payment with respect to shares to be issued by us and the acquisition and holding of shares by non-residents of Japan and foreign investors, both as defined below. It also applies in some cases to the acquisition and holding of ADSs representing such shares acquired and held by non-residents of Japan and by foreign investors. Generally, the Foreign Exchange Law currently in effect does not affect the right of a non-resident of Japan to purchase or sell ADSs outside Japan for non-Japanese currency.

Non-residents of Japan are defined as individuals who are not resident in Japan and corporations whose principal offices are located outside Japan. Generally, the branches and offices of non-resident corporations that are located in Japan are regarded as residents of Japan while the branches and offices of Japanese corporations located outside Japan are regarded as non-residents of Japan.

Foreign investors are defined as:

- individuals not resident in Japan;
- judicial persons or other organizations that are organized under the laws of foreign countries or whose principal offices are located outside Japan;

corporations of which 50% or more of the shares are held by individuals not resident of Japan and/or judicial persons or other organizations that are organized under the laws of foreign countries or whose principal offices are located outside Japan; and

judicial persons or other organizations, a majority of officers (or a majority of officers having the power of representation) of which are non-resident individuals.

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Dividends and Proceeds of Sales

Under the Foreign Exchange Law, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may in general be converted into any foreign currency and repatriated abroad. The acquisition of our shares by non-residents of Japan by way of a stock split is not subject to any notification or reporting requirements.

Acquisition of Shares

In general, a non-resident of Japan who acquires shares from a resident of Japan is not subject to any prior filing requirement, although the Foreign Exchange Law empowers the Minister of Finance of Japan to require prior approval for any such acquisition in certain limited circumstances. While such prior approval is not required in general, in the case where a resident of Japan transfers shares of a Japanese company for consideration exceeding ¥100 million to a non-resident of Japan, the resident of Japan that transfers the shares is required to report the transfer to the Minister of Finance of Japan within 20 days from the date of the transfer or the date of the payment for such transfer, whichever is later, unless the transfer is made through a bank or financial instruments business operator licensed or registered under Japanese law.

If a foreign investor acquires our shares and, together with parties who have a special relationship with that foreign investor, holds 10% or more of our issued shares as a result of such acquisition, the foreign investor must file a report of such acquisition with the Minister of Finance and any other competent Minister on or before the 15th day of the month following the month in which the acquisition was made, in principle. In certain limited circumstances, however, a prior notification of such acquisition must be filed with the Minister of Finance and any other competent Minister, who may modify or prohibit the proposed acquisition.

Deposit and Withdrawal under American Depositary Facility

The deposit of shares with Mizuho Corporate Bank, in its capacity as custodian and agent for the depositary, in Tokyo, the issuance of ADSs by the depositary to a non-resident of Japan in respect of the deposit and the withdrawal of the underlying shares upon the surrender of the ADR are not subject to any of the formalities or restrictions referred to above. However, where as a result of a deposit or withdrawal the aggregate number of shares held by the depositary, including shares deposited with Mizuho Corporate Bank as custodian for the depositary, or the holder surrendering the ADR, as the case may be, would be 10% or more of the total outstanding shares, a report will be required, and in specified circumstances, a prior notification may be required, as noted above.

10.E. Taxation

Japanese Taxation

The following is a general summary of major Japanese tax consequences (limited to national tax) to holders of shares of our common stock or ADSs representing shares of our common stock who are non-residents of Japan or non-Japanese corporations without a permanent establishment in Japan, which we refer to as non-resident holders in this section. The statements regarding Japanese tax laws set forth below are based on the laws and treaties in force and as interpreted by the Japanese tax authorities as at the date of this Annual Report and are subject to changes in the applicable Japanese laws or tax treaties, conventions or agreements, or interpretations thereof, occurring after that date. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of shares of our common stock or ADSs, including specifically the tax consequences under Japanese law, the laws of the jurisdiction of which they are resident, and any tax treaty, convention or agreement between Japan and their country of residence, by consulting their own tax advisers.

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For the purpose of Japanese tax law and the tax treaty between the United States and Japan, a U.S. holder of ADSs will generally be treated as the owner of the shares underlying the ADSs evidenced by the ADRs.

Generally, a non-resident holder of shares of our common stock or ADSs is subject to Japanese income tax collected by way of withholding on dividends paid by us, and such tax will be withheld prior to payment of dividends. Stock splits are, in general, not a taxable event.

In the absence of any applicable tax treaty, convention or agreement reducing the maximum rate of Japanese withholding tax or allowing exemption from Japanese withholding tax, the rate of Japanese withholding tax applicable to dividends paid by Japanese corporations on their shares of stock to non-resident holders is generally 20% (20.42%, on or after January 1, 2013) under Japanese tax law. However, with respect to dividends paid on listed shares issued by a Japanese corporation (such as shares of our common stock or ADSs) to non-resident holders, other than any individual shareholder who holds 3% or more of the total number of shares issued by the relevant Japanese corporation, the aforementioned 20% (20.42%, on or after January 1, 2013) withholding tax rate is reduced to (i) 7% for dividends due and payable on or before December 31, 2012, (ii) 7.147% for dividends due and payable on or after January 1, 2013 but on or before December 31, 2013 and (iii) 15.315% for dividends due and payable on or after January 1, 2014. Due to the imposition of a special additional withholding tax (2.1% of the original withholding tax amount) to secure funds for reconstruction from the Great East Japan Earthquake, the original withholding tax rate of 7%, 15% and 20%, as applicable, will be effectively increased, respectively, to 7.147%, 15.315% and 20.42%, during the period beginning on January 1, 2013 and ending on December 31, 2037.

Under the income tax treaty between the United States and Japan, the maximum rate of Japanese withholding tax which may be imposed on dividends paid to a qualified United States resident eligible to enjoy treaty benefits that is either a corporation owning, directly or indirectly, less than 10% of the voting stock of a Japanese corporation or an individual is generally reduced to 10% of the gross amount actually distributed, except where such United States resident conducts business in Japan through a permanent establishment situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. Dividends paid to pension funds which are qualified United States residents eligible to enjoy treaty benefits are exempt from Japanese income taxation by way of withholding or otherwise unless such dividends are derived from the carrying on of a business, directly or indirectly, by such pension funds. Under Japanese tax law, any reduced maximum rate applicable under a tax treaty shall be available when such maximum rate is below the rate otherwise applicable under the Japanese tax law referred to in the preceding paragraph with respect to the dividends to be paid by us on shares of our common stock or ADSs. A non-resident holder of shares of our common stock who is entitled, under any applicable tax treaty, to a reduced rate of Japanese withholding tax, or exemption therefrom, as the case may be, is required to submit an Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax on Dividends (together with any other required forms and documents) in advance, through the withholding agent, to the relevant tax authority before payment of dividends. A standing proxy for a non-resident holder may provide such application service. With respect to ADSs, this reduced rate or exemption will be applicable to non-resident holders of ADSs if the depositary or its Agent submits two Application Forms (one before payment of dividends and the other within eight months after the record date concerning such payment of dividends), together with certain other documents. To claim this reduced rate or exemption, non-resident holders of ADSs will be required to file a proof of taxpayer status, residence and beneficial ownership, as applicable, and to provide other information or documents as may be required by the depositary. Non-resident holders who are entitled, under any applicable tax treaty, to a reduced rate of Japanese withholding tax below the rate otherwise applicable under Japanese tax law, or exemption therefrom, as the case may be, but fail to submit the required application in advance may nevertheless be entitled to claim a refund from the relevant Japanese tax authority of withholding taxes withheld in excess of the rate under an applicable tax treaty (if such non-resident holders are entitled to a reduced treaty rate under the applicable tax treaty) or the full amount of tax withheld (if such non-resident holders are entitled to an exemption under the applicable tax treaty), as the case may be, by complying with a certain subsequent filing procedure.

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We do not assume any responsibility to ensure withholding at the reduced rate, or exemption therefrom, for non-resident holders who would be so eligible under an applicable tax treaty but where the required procedures as stated above are not followed.

Gains derived from the sale or other disposition of shares of our common stock or ADSs outside Japan by a non-resident holder, who is a portfolio investor, are not, in general, subject to Japanese income tax or corporation tax.

Any deposits or withdrawals of shares of our common stock by a non-resident holder in exchange for ADSs are, in general, not subject to Japanese income or corporation tax.

Japanese inheritance and gift taxes, at progressive rates, may be payable by an individual who has acquired our shares of our common stock or ADSs from an individual, as a legatee, heir or donee, even if none of the acquiring individual, the decedent or the donor is a Japanese resident.

U.S. Taxation

The following sets forth the material United States federal income tax consequences of the ownership of shares and ADSs as of the date hereof. The discussion set forth below is applicable to U.S. holders (as defined below) (i) who are residents of the United States for purposes of the current income tax treaty between Japan and the United States (the Treaty), (ii) whose shares or ADSs are, for purposes of the Treaty, neither effectively connected with nor attributable to a permanent establishment in Japan and (iii) who otherwise qualify for the full benefits of the Treaty.

The following summary is not a complete analysis or description of all potential U.S. federal income tax consequences to a particular U.S. holder. It does not address all U.S. federal income tax considerations that may be relevant to all categories of potential purchasers, certain of which (such as banks or other financial institutions, insurance companies, dealers in securities or currencies, tax-exempt entities, non-U.S. persons, persons holding a share or an ADS as part of a straddle, hedge, conversion or integrated transaction, partnerships or other pass-through entities for U.S. federal income tax purposes, traders in securities who have elected the mark-to-market method of accounting for their securities, regulated investment companies, real estate investment trusts, holders whose functional currency is not the U.S. dollar, holders liable for alternative minimum tax and holders of 10% or more of our voting shares) are subject to special tax treatment. This summary does not address any foreign, state, local or other tax consequences of investments in our shares or ADSs.

This summary addresses only shares or ADSs held as capital assets.

As used herein, a U.S. holder is a beneficial owner of shares or ADSs, as the case may be, that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons as described in Section 7701(a)(30) of the Code or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership holds shares or ADSs, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership holding shares or ADSs, you should consult your tax advisor.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in U.S. federal income tax consequences different from those discussed below. In addition, this summary is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

We urge U.S. holders to consult their own tax advisors concerning the U.S. federal, state and local and other tax consequences to them of the purchase, ownership and disposition of shares or ADSs.

ADSs

If a U.S. holder holds ADSs, for U.S. federal income tax purposes, such holder will generally be treated as the owner of the underlying shares that are represented by such ADSs. Accordingly, deposits or withdrawals of shares in exchange for ADSs are not subject to U.S. federal income tax.

Taxation of Dividends

Subject to the discussion under U.S. Taxation Passive Foreign Investment Company Rules below, the gross amount of any distribution received with respect to our shares or ADSs (including amounts withheld to reflect Japanese withholding taxes), will be taxable as dividends, to the extent paid out of the current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). The amount of distribution of property other than cash will be the fair market value of such property on the date of the distribution. Such cash or non-cash income, including withheld taxes, will be includable in a U.S. holder s gross income as ordinary income on the day actually or constructively received by such U.S. holder in the case of shares, or by the depositary, in the case of ADSs. Such dividends received by a U.S. holder will not be eligible for the dividends-received deduction allowed to U.S. corporations in respect of dividends received from other U.S. corporations. To the extent that an amount received by a U.S. holder exceeds such holder s allocable share of our current and accumulated earnings and profits, such excess will be applied first to reduce such holder s tax basis in its shares or ADSs, thereby increasing the amount of gain or decreasing the amount of loss recognized on a subsequent disposition of the shares or ADSs. Then, to the extent such distribution exceeds such U.S. holder s tax basis, such excess will be treated as capital gain. However, we do not expect to keep earnings and profits in accordance with U.S. federal income tax principles. Therefore, U.S. holders should expect that a distribution will generally be treated as a dividend.

The amount of the dividend paid in Japanese yen will be the U.S. dollar value of the Japanese yen payments received. This value will be determined at the spot Japanese yen/U.S. dollar rate on the date the dividend is received by the depositary in the case of U.S. holders of ADSs, or by the shareholder in the case of U.S. holders of shares, regardless of whether the dividend payment is in fact converted into U.S. dollars at that time. If the Japanese yen received as a dividend are not converted into U.S. dollars on the date of receipt, a U.S. holder will have basis in such Japanese yen equal to their dollar value on the date of receipt, and any foreign currency gains or losses resulting from the conversion of the Japanese yen will generally be treated as U.S. source ordinary income or loss.

The maximum rate of withholding tax on dividends paid to you pursuant to the treaty is 10%. As discussed under Taxation above, if the Japanese statutory rate is lower than the maximum applicable Treaty rate, the Japanese statutory rate will be applicable. If the statutory rate applicable to you is higher than the maximum Treaty rate, you will be required to properly demonstrate to us and the Japanese tax authorities your entitlement to the reduced withholding rate under the Treaty. Subject to certain limitations, the Japanese tax withheld may be creditable against the U.S. holder s U.S. federal income tax liability or may be claimed as a deduction from the U.S. holder s federal adjusted gross income provided that the U.S. holder elects to deduct all foreign taxes paid on the same taxable year. For foreign tax credit limitation purposes, the dividend will be income from sources outside the United States. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends we pay will generally constitute passive category income. Further, in certain circumstances, if a U.S. holder:

- has held shares or ADSs for less than a specified minimum period during which such U.S. holder is not protected from the risk of loss; or

- is obligated to make payments related to the dividends,

such U.S. holder will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on shares or ADSs. The rules governing U.S. foreign tax credits are very complex and U.S. holders should consult their tax advisors regarding the availability of foreign tax credits under their particular circumstances.

With respect to non-corporate U.S. investors, certain dividends received in taxable years beginning before January 1, 2013 from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the U.S. Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The U.S. Treasury Department has determined that the Treaty meets these requirements. In addition, it is expected that we will be eligible for the benefits of the Treaty. A foreign corporation is also treated as a qualified foreign corporation with respect to individuals paid by that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which are listed on the New York Stock Exchange), but not the shares, are readily tradable on an established securities market in the United States. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. Non-corporate holders who do not meet a minimum holding period requirement during which they are not protected from a risk of loss or that elect to treat the dividend income as investment income pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. U.S. holders should consult their own tax advisors regarding the application of the foregoing rules to their particular circumstances.

Taxation of Capital Gains

Subject to the discussion under U.S. Taxation Passive Foreign Investment Company Rules below, upon a sale or other disposition of shares or ADSs, a U.S. holder will recognize gain or loss in an amount equal to the difference between the U.S. dollar value of the amount realized and the U.S. holder s tax basis, determined in U.S. dollars, in such shares or ADSs. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the U.S. holder s holding period for such shares or ADSs exceeds one year. A U.S. holder s tax basis in its shares or ADSs will generally be the cost to the holder of such shares or ADSs. Any such gain or loss realized by a U.S. holder upon disposal of the shares or ADSs will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company Rules

Based on our projected composition of income and valuation of assets, including goodwill, we do not believe that we will be a passive foreign investment company (PFIC) for this year and do not expect to become one in the future, although there can be no assurance in this regard. However, PFIC status is a factual determination that is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in valuation or composition of our income or assets. In addition, this determination is based in part upon certain proposed U.S. Treasury regulations that are not yet in effect (the Proposed Regulations) and are subject to change in the future. The Proposed Regulations and other administrative pronouncements from the Internal Revenue Service (the IRS) provide special rules for determining the character of income and assets derived in the banking business for purposes of the PFIC rules. Although we believe we have adopted a reasonable interpretation of the Proposed Regulations and administrative pronouncements, there can be no assurance that the IRS will follow the same interpretation.

In general, a foreign corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income; or
- at least 50% of the value of its assets is attributable to assets that produce or are held for the production of passive income.

The 50% of value test is based on the average of the value of our assets for each quarter during the taxable year. If we own at least 25% by value of another company s stock, we will be treated, for purposes of the PFIC rules, as owning the proportionate share of the assets and receiving our proportionate share of the income of that company.

If we are a PFIC for any taxable year during which a U.S. holder holds shares or ADSs, the U.S. holder will be subject to special tax rules with respect to any excess distribution that the U.S. holder receives and any gain the U.S. holder realizes from the sale or other disposition (including a pledge) of shares or ADSs. Additionally, non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us in taxable years beginning prior to January 1, 2013, if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

These special tax rules generally will apply even if we cease to be a PFIC in future years. Distributions U.S. holders receive in a taxable year that are greater than 125% of the average annual distributions they received during the shorter of the three preceding taxable years or their holding period for shares or ADSs will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the U.S. holder s holding period for shares or ADSs;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year, and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Alternatively, a U.S. holder could make a mark-to-market election provided that shares or ADSs are regularly traded on a qualified exchange. Under current law, the mark-to-market election may be available to U.S. holders of ADSs because the ADSs are listed on the New York Stock Exchange which constitutes a qualified exchange, although there can be no assurance that the ADSs will be regularly traded for purposes of the mark-to-market election. Under current law, the mark-to-market election may be available to U.S. holders of shares because the shares are listed on the Tokyo Stock Exchange, which constitutes a qualified exchange, although there can be no assurance that the shares will be regularly traded for purposes of the mark-to-market election. In addition, a U.S. holder of shares in a PFIC can sometimes avoid the rules described above by electing to treat the company as a qualified electing fund under Section 1295 of the Code. This option is not available to U.S. holders of shares because we do not intend to comply with the requirements necessary to permit U.S. holders to make this election.

If a U.S. holder holds shares or ADSs in any year in which we are classified as a PFIC, such holder would be required to file IRS Form 8621.

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U.S. holders should consult their own tax advisors concerning the determination of our PFIC status and the U.S. federal income tax consequences of holding shares or ADSs if we are considered a PFIC in any taxable year.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividends in respect of the shares or ADSs or the proceeds from the sale, exchange or redemption of the shares or ADSs paid within the United States, and, in some cases, outside of the United States, to you, unless you are an exempt recipient. In addition, backup withholding tax may apply to those amounts if you fail to provide an accurate taxpayer identification number or fail either to report interest and dividends required to be shown on your U.S. federal income tax returns or make certain certifications. The amount of any backup withholding from a payment to you will be allowed as a refund or credit against your U.S. federal income tax liability, provided you furnish the required information to the IRS.

Certain U.S. holders are required to report information with respect to their investment in shares or ADSs not held in an account maintained by certain financial institution to the IRS. Investors who fail to report required information by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, on their tax return for each year in which they hold shares or ADSs could become subject to substantial penalties. Potential investors are urged to consult with their own tax advisors regarding the possible implications of these rules on their investment in shares or ADSs.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We file annual reports on Form 20-F with, and furnish periodic reports on Form 6-K to, the U.S. Securities and Exchange Commission. These reports, including this annual report on Form 20-F and the exhibits thereto, and other information can be inspected without charge at the Commission s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can also obtain copies of such materials by mail, at prescribed fees, from the Commission s Public Reference Room or from commercial document retrieval services. You may obtain information on the operation of the Commission s Public Reference Room by calling the Securities and Exchange Commission in the United States at 1-800-SEC-0330. You can also access to the documents filed via the Electronic Data Gathering, Analysis, and Retrieval system on the Commission s website (http://www.sec.gov).

10.I. Subsidiary Information

Not applicable.

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ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Progress in financial deregulation and internationalization has led to growth in the diversity and complexity of banking operations, exposing financial institutions to various risks, including credit, market operations, information technology, legal, settlement and other risks. We recognize the conducting of operations tailored to the risks and managing such risks as a key issue relating to overall management. In order to implement our business strategy while maintaining our financial stability, we maintain comprehensive risk management and control measures. We maintain basic policies for risk management established by our board of directors that are applicable to the entire Mizuho group. These policies clearly define the kinds of risks to be managed, set forth the organizational structure and provide for the human resources training necessary for appropriate levels of risk management. The policies also provide for audits to measure the effectiveness and suitability of the risk management structure. In line with these basic policies, we maintain various measures to strengthen and enhance the sophistication of our risk management system. All yen figures and percentages in this item are truncated. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

Approach to the BIS Regulations

The BIS Regulations, the regulations for international standards of the health of banks first implemented in 1992, have been revised in light of developments in risk management methods in order to better reflect the actual substance of the risks. These amended regulations, known as Basel II, focus on three main points. The first is minimum capital requirements relating to risk which should be maintained by banks, with respect to which the calculation method for credit risk was changed and operational risk was added. The second includes a supervisory review process with respect to assessment of risks that cannot be fully addressed through minimum capital requirements alone. The third is market discipline allowing for assessment by the market through appropriate disclosure. We have obtained the necessary approvals from government authorities on calculation methods for each type of risk and have been calculating capital adequacy ratios based on Basel II from March 31, 2007, when the Basel II was implemented in Japan. With regard to credit risk, we have been applying the AIRB approach, the most sophisticated of the three methods provided for by Basel II, from March 31, 2009. In addition, we have been applying the AMA for the calculation of operational risk from September 30, 2009. In March 2012, the Financial Services Agency published revisions to its capital adequacy guidelines to be applied from March 31, 2013, which reflects certain rules in the Basel III text. We are currently preparing for its phased-in implementation.

Overview of Risk Management

Risk Management Structure

Each of our subsidiaries adopts appropriate risk management measures for its business based on the size and nature of its risk exposures, while Mizuho Financial Group controls risk management for the Mizuho group as a whole. Mizuho Financial Group regularly receives reports and applications concerning the risk management situation from our principal banking subsidiaries and other core group companies and gives them appropriate instructions concerning risk management. Our principal banking subsidiaries and other core group companies each maintains its own system for managing various types of risk, regularly receiving reports on the status of risk at their respective subsidiaries, and gives them appropriate instructions concerning risk management.

Basic Approach

We classify our risk exposures according to the various kinds of risk, including credit risk, market risk, liquidity risk and operational risk, and manage each type of risk according to its characteristics. In addition to managing each type of risk individually, we have established a risk management structure to identify and evaluate overall risk and, where necessary, to devise appropriate responses to keep risk within limits that are managerially acceptable in both qualitative and quantitative terms. In line with the basic policies relating to overall risk management laid down by Mizuho Financial Group, companies within the Mizuho group identify risk broadly and take a proactive and sophisticated approach to risk management, including methodologies for operations that involve exposures to multiple categories of risk such as settlement and trust businesses.

Risk Capital Allocation

We endeavor to obtain a clear grasp of the group s overall risk exposure and have implemented measures to keep such risks within the group s financial base in accordance with the risk capital allocation framework. More specifically, we allocate risk capital to our principal banking subsidiaries, including their respective subsidiaries, and other core group companies to control risk within the limits set for each company. We also control risk within managerially acceptable limits by working to ensure that the overall risk we hold on a consolidated basis does not exceed shareholders equity and other measures of financial strength. To ensure the ongoing financial health of Mizuho Financial Group, our principal banking subsidiaries and other core group companies, we regularly monitor the manner in which risk capital is being used in order to obtain a proper grasp of the risk profile within this framework. Reports are also submitted to the board of directors and other committees of each company. Risk capital is allocated to Mizuho Corporate Bank, Mizuho Bank, Mizuho Securities and Mizuho Trust & Banking by risk category, and is further allocated within their respective business units based on established frameworks.

Credit Risk Management

We define credit risk as the Mizuho group s exposure to the risk of losses that may be incurred due to a decline in, or total loss of, the value of assets (including off-balance-sheet instruments), as a result of deterioration in obligors financial position. We have established the methods and structures necessary for grasping and managing credit risk, which has become increasingly complex due to financial deregulation, internationalization and the growing sophistication of transactions. Mizuho Financial Group manages credit risk for the Mizuho group as a whole. More specifically, we have adopted two different but mutually complementary approaches in credit risk management. The first approach is credit management, in which we manage the process for each individual transaction and individual obligor from execution until collection, based on our assessment of the credit quality of the customer. Through this process, we curb losses in the case of a credit event. The second is credit portfolio management, in which we utilize statistical methods to assess the potential for losses related to credit risk. Through this process, we identify credit risk and respond appropriately.

Credit Risk Management Structure

Credit Risk Management of the Mizuho Group

Our board of directors determines the Mizuho group s key matters pertaining to credit risk management. In addition, the portfolio management committee of Mizuho Financial Group discusses and coordinates the basic policies in connection with credit risk management and matters in connection with overall credit portfolio management and credit risk monitoring for the Mizuho group. Under the control of the Chief Risk Officer of Mizuho Financial Group, the Risk Management Division and the Credit Risk Management Division jointly monitor, analyze and submit suggestions concerning credit risk and formulate and execute plans in connection with basic matters pertaining to credit risk management.

Credit Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies

Our principal banking subsidiaries and other core group companies manage their credit risk according to the scale and nature of their exposures in line with basic policies set forth by Mizuho Financial Group. The board of directors of each company determines key matters pertaining to credit risk management. Their respective business policy committees are responsible for discussing and coordinating overall management of their individual credit portfolios and transaction policies towards obligors. The Chief Risk Officer of each principal banking subsidiary and core group company is responsible for matters relating to planning and implementing credit risk management. The credit risk management division of each principal banking subsidiary is responsible for planning and administering credit risk management and conducting credit risk measuring and monitoring, and such division regularly presents reports regarding its risk management situation to Mizuho Financial Group. Each credit division determines policies and approves/disapproves individual transactions in terms of credit review, credit management and collection from customers in accordance with the lines of authority set forth by each principal banking subsidiary. In addition, from the standpoint of internal controls, each of our principal banking subsidiaries has established internal audit divisions that are independent of the business divisions in order to ensure appropriate credit risk management.

Individual Credit Management

Credit codes

The basic code of conduct for all of our officers and employees engaged in the credit business is set forth in our credit code. Seeking to fulfill the bank s public and social role, our basic policy for credit business is determined in light of fundamental principles focusing on public welfare, safety, growth and profitability.

Internal rating system

One of the most important elements of the risk management infrastructure of our principal banking subsidiaries is the use of an internal rating system that consists of credit ratings and pool allocations. Credit ratings consist of obligor ratings which represent the level of credit risk of the obligor, and transaction ratings which represent the possibility of ultimately incurring losses related to each individual claim by taking into consideration the nature of any collateral or guarantee and the seniority of the claim. In principle, obligor ratings apply to all obligors and are subject to regular reviews at least once a year to reflect promptly the fiscal period end financial results of the obligors, as well as special reviews as required whenever a obligor s credit standing changes. This enables our principal banking subsidiaries to monitor both individual obligors and the status of the overall portfolio in a timely fashion. Because we consider obligor ratings to be an initial phase of the self-assessment process regarding the quality of our loans and off-balance-sheet instruments, such obligor ratings are closely linked to the obligor classifications and are an integral part of the process for determining the provision for loan losses and charge-offs in our self-assessment of loans and off-balance-sheet instruments.

Pool allocations are applied to small claims that are less than a specified amount by pooling customers and claims with similar risk characteristics and assessing and managing the risk for each such pool. We efficiently manage credit risk and credit screening by dispersing a sufficient number of small claims within each pool. We generally review the appropriateness and effectiveness of our approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures.

Self-assessment, provision for loan losses and off-balance-sheet instruments and charge-offs

We conduct self-assessment of assets to ascertain the status of assets both as an integral part of credit risk management and in preparation for appropriate accounting treatment, including provision for loan losses and off-balance-sheet instruments and charge-offs. During the process of self-assessment, obligors are categorized into certain groups taking into consideration their financial condition and their ability to make payments, and credit ratings are assigned to all obligors, in principle, to reflect the extent of their credit risks. The related assets are then categorized into certain classes based on the risk of impairment. This process allows us to identify and control the actual quality of assets and determine the appropriate accounting treatment, including provision for loan losses and off-balance-sheet instruments and charge-offs. Specifically, the credit risk management division of each of our principal subsidiaries is responsible for the overall control of the self-assessment of assets of the respective banking subsidiaries, cooperating with the administrative divisions specified for each type of asset, including loan portfolios and securities, in executing and managing self-assessments.

Credit review

Prevention of new impaired loans through routine credit management is important in maintaining the quality of our overall loan assets. Credit review involves analysis and screening of each potential transaction within the relevant business division. In case the screening exceeds the authority of the division, the credit division at headquarters carries out the review. The credit division has specialist departments for different industries, business sizes and regions, carries out timely and specialized examinations based on the characteristics of the customer and its market, and provides appropriate advice to the business division. In addition, in the case of obligors with low credit ratings and high downside risks, the business division and credit division jointly clarify their credit policy and in appropriate cases assist obligors at an early stage in working towards credit soundness.

Collection and disposal of impaired loans

With respect to collection and disposal of impaired loans, our specialist unit maintains central control and pursues corporate restructuring or collection efforts, as appropriate, toward taking the impaired loans off-balance. Specifically, we believe that supporting the restructuring efforts of corporations is an important role for financial institutions, and we support corporations undergoing restructuring by reviewing business plans, advising on restructuring methods and utilizing corporate restructuring schemes such as divestitures and mergers and acquisitions, taking advantage of our group-wide resources. These efforts have been steadily producing satisfactory results. In addition, we work on final disposal of impaired loans efficiently and swiftly by conducting bulk sales and by utilizing Mizuho Servicing Co., Ltd., our subsidiary that specializes in performing debt collection services for our group companies.

Portfolio Management

Risk Measurement

We use statistical methods to manage the possibility of losses by measuring the expected average loss for a one-year risk horizon (Expected Loss) and the maximum loss within a certain confidence interval (credit VaR). The difference between expected loss and credit VaR is measured as the credit risk amount (Unexpected Loss).

In establishing transaction spread guidelines for credit transactions, we aim to ensure an appropriate return from the transaction in light of the level of risk by utilizing credit cost data as a reference. Also, we monitor our credit portfolio from various perspectives and set certain limits so that losses incurred through a hypothetical realization of the full credit VaR would be within the amount of risk capital and loan loss reserves.

Risk Control Methods

We recognize two types of risk arising from allowing too large a proportion of overall credit risk to be allocated in certain areas. One type is credit concentration risk, which stems from granting excessive credit to certain individual counterparties. The other type is chain-reaction default risk, which arises from granting excessive credit to certain corporate groups, industrial sectors and other groupings. We make appropriate management to control these risks in line with our specific guidelines for each. The individual risk management divisions of our principal banking subsidiaries are responsible for monitoring adherence to these guidelines and reporting to their respective business policy committees.

Portfolios of Our Principal Banking Subsidiaries and Certain Other Core Group Companies

Mizuho Bank s portfolio is diversified among relatively small accounts centered on individuals, domestic corporations including mainly small and medium-sized enterprises and middle-market corporations, public sector entities and other customers in Japan. While Mizuho Corporate Bank s credit portfolio consists primarily of loans to Japanese public companies and other major Japanese enterprises, it also includes a significant proportion of

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loans to overseas corporations, including foreign subsidiaries of Japanese corporations, that are diversified in terms of the regions in which the borrowers are located. While retaining the principal features of each of the two banking subsidiaries respective portfolios, we aim to reduce expected losses while simultaneously utilizing sophisticated financial tools based on which they make strategic acquisitions and sales of assets. While closely monitoring the potential for unexpected losses, they also aim to raise overall group capital efficiency, boost profitability and shareholder value, and enhance the sophistication of their credit risk management.

Market and Liquidity Risk Management

We define market risk as the risk of losses incurred by the group due to fluctuations in interest rates, stock prices and foreign exchange rates. Our definition includes the risk of losses incurred when it becomes impossible to execute transactions in the market because of market confusion or losses arising from transactions at prices that are significantly less favorable than usual. We define liquidity risk as the risk of losses arising from funding difficulties due to a deterioration in our financial position that makes it difficult for us to raise necessary funds or that forces us to raise funds at significantly higher interest rates than usual. Mizuho Financial Group manages market and liquidity risk for the Mizuho group as a whole.

The following diagram shows our risk management structure:

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Market Risk Management Structure

Market Risk Management of the Mizuho Group

Our board of directors determines key matters pertaining to market risk management policies. The ALM & market risk management committee of Mizuho Financial Group broadly discusses and coordinates matters relating to basic asset and liability management policies, risk planning and market risk management and proposes responses to emergencies such as sudden market changes. The Chief Risk Officer of Mizuho Financial Group is responsible for matters relating to market risk management planning and operations.

The Risk Management Division of Mizuho Financial Group is responsible for monitoring market risk, reports and analyses, proposals, setting limits and guidelines, and formulating and implementing plans relating to market risk management. The Risk Management Division assesses and manages the overall market risk of the Mizuho group. It also receives reports from our principal banking subsidiaries and other core group companies on their market risk management that enable it to obtain a solid grasp of the risk situation, submitting reports to the chief executive officer on a daily basis and to our board of directors and the executive management committee of Mizuho Financial Group on a regular basis.

To manage market risk, we set limits that correspond to risk capital allocations according to the risk profiles of our principal banking subsidiaries and other core group companies and thereby prevent market risk from exceeding our ability to withstand losses based on our financial strength represented by capital, etc. The amount of risk capital allocated to market risk corresponds to VaR and additional costs that may arise in order to close relevant positions. For trading and banking activities, we set limits for VaR and for losses. For banking activities, we set position limits based on interest rate sensitivity as needed.

These limits are discussed and coordinated by the ALM & market risk management committee, discussed further by the executive management committee, then determined by the chief executive officer. Various factors are taken into account including business strategies, historical limit usage ratios, risk-bearing capacity (profits, total capital and risk management systems), profit targets and the market liquidity of the products involved.

Market Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies

Our principal banking subsidiaries, which account for most of the Mizuho group s exposure to market risk, have formulated their basic policies in line with the basic policies determined by Mizuho Financial Group. Their boards of directors determine important matters relating to market risk management while their chief executive officers are responsible for controlling market risk. Their respective business policy committees, including their ALM & market risk management committees, are responsible for overall discussion and coordination of market risk management. Specifically, these committees discuss and coordinate matters relating to basic asset and liability management policies, risk planning and market risk management and propose responses to emergencies such as sudden market changes. The Chief Risk Officer of each subsidiary is responsible for matters pertaining to planning and implementing market risk management. Based on a common Mizuho group risk capital allocation framework, the above-mentioned companies manage market risk by setting limits according to the risk capital allocated to market risk by Mizuho Financial Group.

These companies have established specialized company-wide market risk management divisions to provide integrated monitoring of market risk, submit reports, analyses and proposals, set limits and formulate and implement plans relating to market risk management. The risk management divisions of each company submit reports on the status of market risk management to their respective chief executive officers and top management on a daily basis, and to their board of directors and executive management committee on a regular basis. They also provide regular reports to Mizuho Financial Group. To provide a system of mutual checks and balances in market operations, they have established middle offices specializing in risk management that are independent of their front offices, which engage in market transactions, and their back offices, which are responsible for book

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entries and settlements. When VaR is not adequate to control risk, the middle offices manage risk using additional risk indices, carry out stress tests and set stop loss limits as needed. They monitor their market liquidity risk for individual financial products in the market while taking turnover and other factors into consideration.

Liquidity Risk Management Structure

Liquidity Risk Management of the Mizuho Group

Our liquidity risk management structure is generally the same as the market risk management structure described above. However, the head of the Financial Control & Accounting Group of Mizuho Financial Group is additionally responsible for matters relating to planning and running cash flow management operations, while the Financial Planning Division is responsible for monitoring and adjusting the cash flow management situation and for planning and implementing cash flow management. Reports on the cash flow situation are submitted to the ALM & market risk management committee, the executive management committee and the chief executive officer.

We measure liquidity risk using indices pertaining to cash flow, such as limits on funds raised in the market. Limits on liquidity risk are discussed and coordinated by the ALM & market risk management committee, discussed further by the executive management committee and determined by the chief executive officer. We have established classifications for the cash flow conditions affecting the group, ranging from normal to cause for concern and critical, and have established procedures for dealing with cases which are deemed to fall into the cause for concern or critical categories. In addition, we have constructed a system under which we will be able to respond smoothly in the event of emergency situations that affect our funding by establishing action plans.

Liquidity Risk Management at Our Principal Banking Subsidiaries and Other Core Group Companies

The liquidity risk management structures of Mizuho Corporate Bank, Mizuho Bank and Mizuho Trust & Banking are generally the same as the aforementioned market risk management structures, but the senior executives responsible for risk management are responsible for matters pertaining to planning and conducting liquidity risk management, while the senior executives of the asset and liability management and trading units are responsible for matters pertaining to planning and conducting cash flow management.

The methodologies used for ensuring precise control of liquidity risk include the formulation of management indices pertaining to cash flow, such as limits on funds raised in the market. As with Mizuho Financial Group, the above-mentioned companies have established classifications for the cash flow affecting them, ranging from normal to cause for concern and critical, and have established procedures for cases which are deemed to fall into the cause for concern or critical categories.

Each subsidiary has adopted stringent controls that call for the submission of reports on liquidity risk management and cash flow management to the ALM & market risk management committee and other business policy committees, the executive management committee and the chief executive officer of each subsidiary.

Value-at-Risk

We use the value-at-risk (the VaR) method, supplemented with stress testing, as our principal tool to measure market risk. The VaR method measures the maximum possible loss that could be incurred due to market movements within a certain time period (or holding period) and degree of probability (or confidence interval).

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Trading Activities

VaR related to our trading activities is based on the following:

- variance co-variance model for linear risk and Monte-Carlo simulation for non-linear risk;
- confidence interval: one-tailed 99.0%;
- holding period of one day; and
- historical observation period of one year.

The following tables show the VaR related to our trading activities by risk category for the fiscal years ended March 31, 2010, 2011 and 2012 and as of March 31, 2010, 2011 and 2012:

Risk category	Fiscal year ended March 31, 2010 Daily average	Maximum	Minimum	As of March 31, 2010
	(in billions of yen)			
Interest rate	¥ 1.7	¥ 2.9	¥ 1.0	¥ 1.2
Foreign exchange	1.4	2.7	0.4	2.1
Equities	1.2	3.2	0.3	0.3
Commodities	0.1	0.3	0.0	0.0
Total	¥ 3.1	¥ 4.8	¥ 2.1	¥ 2.8

Risk category	Fiscal year ended March 31, 2011 Daily average	Maximum	Minimum	As of March 31, 2011
	(in billions of yen)			
Interest rate	¥ 1.5	¥ 2.1	¥ 1.1	¥ 1.4
Foreign exchange	1.4	2.4	0.6	1.9
Equities	1.1	1.8	0.4	1.1
Commodities	0.0	0.3	0.0	0.1
Total	¥ 2.9	¥ 3.8	¥ 2.2	¥ 3.6

Risk category	Fiscal year ended March 31, 2012 Daily average	Maximum	Minimum	As of March 31, 2012
	(in billions of yen)			
Interest rate	¥ 1.9	¥ 2.4	¥ 1.4	¥ 1.8
Foreign exchange	1.9	2.8	0.7	1.8
Equities	1.1	1.7	0.5	0.5
Commodities	0.0	0.1	0.0	0.0
Total	¥ 3.8	¥ 4.8	¥ 2.8	¥ 3.0

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The following graph shows VaR figures of our trading activities for the fiscal year ended March 31, 2012:

The following table shows VaR figures of our trading activities for the fiscal years indicated:

	Fiscal years ended March 31,			
	2010	2011	2012	Change
	(in billions of yen, except number of cases)			
As of fiscal year end	¥ 2.8	¥ 3.6	¥ 3.0	¥ (0.6)
Maximum	4.8	3.8	4.8	0.9
Minimum	2.1	2.2	2.8	0.5
Average	3.1	2.9	3.8	0.9
The number of cases where profits/losses exceeded VaR	no cases	1	2	1

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Non-trading Activities

The VaR related to our banking activities is based on the same conditions as those of trading activities, but the holding period is one month.

The graph below shows the VaR related to our banking activities excluding our strategically-held equity portfolio for the year ended March 31, 2012:

The following table shows the VaR figures relating to our banking activities for the fiscal years indicated:

	Fiscal years ended March 31,			
	2010	2011	2012	Change
	(in billions of yen)			
As of fiscal year end	¥ 167.0	¥ 211.3	¥ 263.7	¥ 52.3
Maximum	255.6	227.6	282.5	54.9
Minimum	160.2	137.8	210.3	72.5
Average	206.4	188.6	249.4	60.8

VaR is a commonly used market risk management technique. However, VaR models have the following shortcomings:

By its nature as a statistical approach, VaR estimates possible losses over a certain period at a particular confidence level using past market movement data. Past market movement, however, is not necessarily a good indicator of future events, particularly potential future events that are extreme in nature.

VaR may underestimate the probability of extreme market movements.

The use of a 99.0% confidence level does not take account of, nor make any statement about, any losses that might occur beyond this confidence level.

VaR does not capture all complex effects of various risk factors on the value of positions and portfolios and could underestimate potential losses.

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We also conduct interest sensitivity analyses of interest risk, our main source of market risk. The following table shows sensitivity to yen interest risk in our banking activities as of the dates indicated. As shown in the table, we have reduced overall sensitivity to the risk of future increases in interest rates. Interest rate sensitivity (10 BPV) shows how much net present value varies when interest rates rise by 10 basis points (0.1%), and it explains the impact of interest rate movements on net present value when short- and long-term interest rates behave differently.

	As of March 31,			
	2010	2011	2012	Change
	(in billions of yen)			
Up to one year	¥ (10)	¥ (10)	¥ (10)	¥ (0)
From one to five years	(28)	(36)	(54)	(18)
Over five years	(14)	(19)	(24)	(5)
Total	¥ (53)	¥ (65)	¥ (89)	¥ (24)

Stressed Value-at-Risk

In December 2011, according to revisions to the Basel II market risk framework (commonly referred to as Basel 2.5), a new capital charge based on the stressed value-at-risk (stressed VaR) for trading activities is added to the market risk. The stressed VaR measurement is based on a continuous 12-month period of significant financial stress.

Stressed VaR related to our trading activities is based on the following:

- variance co-variance model for linear risk and Monte-Carlo simulation for non-linear risk;
- confidence interval: one-tailed 99.0%;
- holding period of one day; and
- historical observation period of one year of significant financial stress.

The following table shows stressed VaR figures of our trading activities for the fiscal years indicated:

	Fiscal years ended March 31, 2012
	(in billions of yen)
As of fiscal year end	¥ 6.8
Maximum	10.5
Minimum	5.0
Average	7.4

Note:

Maximum, minimum and average figures in the above table have been calculated for the period from October 1, 2011 to March 31, 2012.

Strategically-held Equity Portfolio Management Activities

We take the market risk management approach with use of VaR and risk indices for strategically-held equity portfolio management activities as well as for trading activities and non-trading activities. The risk index for strategically-held equity portfolio management for the fiscal year ended March 31, 2012, consisting of the sensitivity of the strategically-held equity portfolio to a 1% change in the equity index of TOPIX, was ¥24.0 billion.

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Back Testing and Stress Testing

In order to evaluate the effectiveness of market risk measurements calculated using the value-at-risk method, we carry out regular back tests to compare value-at-risk with assumptive profits and losses. Assumptive profits and losses accounts for general market risk. The graph below shows daily value-at-risk of trading activities for the fiscal year ended March 31, 2012 and the corresponding paired distribution of profits and losses. We had two cases where profits or losses exceeded value-at-risk during the period.

Note: We conduct our back testing and assess the number of cases where profits/losses exceeds VaR based on a 250 business day year. The expected average number of instances where one-day trading profits and losses exceeded VaR at the 99% confidence level is five.

Because the value-at-risk method is based on statistical assumptions, we conduct stress testing to simulate the levels of losses that could be incurred in cases where the market moves suddenly to levels that exceed these assumptions. The stress testing methods we use include the calculation of losses on the basis of the largest fluctuations occurring over a period of more than five years and the calculation of losses based on market fluctuations occurring during historical market events. In addition, we conduct stress testing based on a sharp drop in the price of securitization and other products due to diminished market liquidity. The table below shows the assumed maximum loss results of stress testing in trading activities using the methods described above:

Assumed maximum loss results	**As of March 31, 2012 (in billions of yen)**	
Assumed maximum loss result calculated by stress testing (holding period: one month)	¥	24.1
Assumed maximum loss result calculated by stress testing based on a sharp drop in the price of securitization and other products due to diminished market liquidity (holding period: one year)		14.7

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Outlier Criteria

As part of the capital adequacy requirements under Basel II, the losses arising from a banking book in hypothetical interest rate shock scenarios under certain stress conditions are calculated and compared with the sum of Tier 1 and Tier 2 capital. If the interest rate risk of the banking book leads to an economic value decline of more than 20% of the sum of Tier 1 and Tier 2 capital, we will be deemed an outlier and may be required to reduce the banking book risk or adopt other responses. We measure losses arising from our banking book each month as a part of our stress tests.

The table below shows the results of calculations of losses in the banking book in cases where interest rate fluctuations occur under stress conditions. The results of calculations of losses in the banking book show that they are 6.2% of broadly-defined capital. Because the amount of risk on the banking book is therefore well under the 20% threshold and within controllable limits, we do not fall under the outlier category. The loss ratio to capital decreased from the previous fiscal year due mainly to the decrease of the fluctuation range of interest rate shock scenario for the fiscal year ended March 31, 2012.

Results of calculations under the outlier framework	Amount of loss	Broadly-defined capital	Loss ratio to capital
	(in billions of yen, except percentages)		
As of March 31, 2010	¥ 681.4	¥ 7,658.0	8.8%
As of March 31, 2011	784.9	7,910.9	9.9
As of March 31, 2012	483.2	7,772.9	6.2
Effect of yen interest rate	205.0		
Effect of dollar interest rate	222.4		
Effect of euro interest rate	33.5		

Notes:

(1) In the above results of calculations of losses, a part of demand deposits without fixed intervals for amending applicable interest rates is deemed core deposits and is treated accordingly in the calculation.

(2) For the interest rate shock scenario used in connection with the above figures, we generate annual rate fluctuation data for five years derived from daily raw historical interest rate data of the past six years and then apply the actual fluctuation data, which show a rise in interest rates, at a 99.0% confidence level to the shock scenario.

Market Risk Equivalent

In order to calculate the amount of capital necessary to meet the capital requirements relating to market risk (the market risk equivalent), we apply internal models to calculate general market risk (risks related to factors that apply generally to the market, e.g., interest rates, foreign exchange rates) and the standardized measurement method to calculate specific risks (risks other than general market risk, e.g., credit quality and market liquidity of an individual security or instrument). In addition, our internal models are applied to trading transactions with market liquidity based on the relevant holding period.

Under the internal models, the market risk equivalent is expressed as the sum of ;

- The higher of (i) VaR on the calculation date and (ii) the average of VaR for the preceding 60 business days (including the calculation date) multiplied by a multiplication factor ranging from 3.00 to 4.00 that is determined based on the number of times VaR is exceeded upon back testing; and

- The higher of (i) stressed VaR on the calculation date and (ii) the average of stressed VaR for the preceding 60 business days (including the calculation date) multiplied by the same multiplication factor as used in the bullet point above.

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The following table shows total market risk equivalent as of the dates indicated calculated using the standardized measurement method and internal models:

	As of March 31, 2011	As of March 31, 2012	Change
	(in billions of yen)		
Calculated using standardized measurement method	¥ 84.5	¥ 68.4	¥ (16.0)
Calculated using internal models	26.6	98.2	71.5
Total market risk equivalent	¥ 111.1	¥ 166.6	¥ 55.5

Note:

VaR and stressed VaR used to calculate market risk equivalent is based on the following:

variance co-variance model for linear risk and Monte-Carlo simulation for non-linear risk;

confidence interval: one-tailed 99.0%;

holding period of 10 days; and

historical observation period of one year.

Operational Risk Management

We define operational risk as the risk of loss that we may incur resulting from inadequate or failed internal processes, people and systems or from external events. We recognize that operational risk includes information technology risk, operations risk, legal risk, human resources risk, tangible asset risk, regulatory change risk and reputational risk. We have determined risk management policies concerning risk management structures and methods for each kind of risk. Mizuho Corporate Bank, Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, Mizuho Investors Securities and Trust & Custody Services Bank respectively manage operational risk in an appropriate manner pursuant to risk management policies determined by Mizuho Financial Group.

Mizuho Financial Group, Mizuho Corporate Bank, Mizuho Bank, Mizuho Trust & Banking, Mizuho Securities, Mizuho Investors Securities and Trust & Custody Services Bank share common rules for data gathering, and we measure operational risk on a regular basis, taking into account possible future loss events and the changes in the business environment and internal management.

We have established and are strengthening management methods and systems to appropriately identify, assess, measure, monitor and control the operational risks which arise from the growing sophistication and diversification of financial operations and developments relating to information technology by utilizing control self-assessments and improving measurement methods.

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Definition of Risks and Risk Management Methods

As shown in the table below, we have defined each component of operational risk and we apply appropriate risk management methods in accordance with the scale and nature of each risk.

	Definition	Principal Risk Management Methods
Information Technology Risk	Risk that customers may suffer service disruptions, or that customers or the group may incur losses arising from system defects such as failures, faults, or incompleteness in computer operations, or illegal or unauthorized use of computer systems.	Identify and evaluate the risk by setting specific standards that need to be complied with and implementing measures tailored based on evaluation results to reduce the risk. Ensure ongoing project management in systems development and quality control. Strengthen security to prevent information leaks. Improve effectiveness of emergency responses by improving backup systems and holding drills.
Operations Risk	Risk that customers may suffer service disruptions, as well as the risk that customers or the group may incur losses because senior executives or employees fail to fulfill their tasks properly, cause accidents or otherwise act improperly.	Establish clearly defined procedures for handling operations. Periodically check the status of operational processes. Conduct training and development programs by headquarters. Introduce information technology, office automation and centralization for operations. Improve the effectiveness of emergency responses by holding drills.
Legal Risk	Risk that the group may incur losses due to violation of laws and regulations, breach of contract, entering into improper contracts or other legal factors.	Review and confirm legal issues, including the legality of material decisions, agreements and external documents, etc. Collect and distribute legal information and conduct internal training programs. Analyze and manage issues related to lawsuits.
Human Resources Risk	Risk that the group may incur losses due to drain or loss of personnel, deterioration of morale, inadequate development of human resources, inappropriate working schedule, inappropriate working and safety environment, inequality or inequity in human resource management or discriminatory conduct.	Conduct employee satisfaction surveys. Understand the status of vacation days taken by personnel. Understand the status of voluntary resignations.

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	Definition	Principal Risk Management Methods
Tangible Asset Risk	Risk that the group may incur losses from damage to tangible assets or a decline in the quality of working environment as a result of disasters, criminal actions or defects in asset maintenance.	Manage the planning and implementation of construction projects related to the repair and replacement of facilities. Identify and evaluate the status of damage to tangible assets caused by natural disasters, etc., and respond appropriately to such damage.
Regulatory Change Risk	Risk that the group may incur losses due to changes in various regulations or systems, such as those related to law, taxation and accounting.	Understand important changes in regulations or systems that have significant influence on our business operations or financial condition in a timely and accurate manner. Analyze degree of influence of regulatory changes and establish countermeasures. Continuously monitor our regulatory change risk management mentioned above.
Reputational Risk	Risk that the group may incur losses due to damage to our credibility or the value of the Mizuho brand when market participants or others learn about, or the media reports on, various adverse events, including actual materialization of risks or false rumors.	Establish framework to identify and manage, on an integrated basis, information that may have a serious impact on group management and respond to such risk in a manner appropriate to its scale and nature. Swiftly identify rumors and devise appropriate responses depending on the urgency and possible impact of the situation to minimize possible losses.

We also recognize and manage Information Security Risk and Compliance Risk, which constitute a combination of more than one of the above components of operational risk, as operational risk.

Measurement of operational risk equivalent

Implementation of the AMA

We have been implementing the AMA from September 30, 2009, in place of the gross profit allocation approach (The Standardized Approach (TSA)) that we had been using previously, for the calculation of operational risk equivalent in association with capital adequacy ratios based on Basel II. However, we use the Basic Indicator Approach (BIA) for entities that are deemed to be less important in the measurement of operational risk equivalent and for entities that are preparing to implement the AMA. The measurement results under the AMA are used not only as the operational risk equivalent in the calculation of capital adequacy ratios but also as Operational VaR for internal risk management purposes for implementing action plans to reduce operational risk, etc.

Outline of the AMA

Outline of measurement system

We have established the model by taking account of four elements: internal loss data; external loss data; scenario analysis and business environment; and internal control factors (BEICFs). A statistical approach (one year holding period / one-tailed 99.9 percentile confidence interval) is taken for the calculation of

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operational risk equivalent, employing both internal loss data (i.e., actually experienced operational loss events) and scenario data to reflect unexperienced potential future loss events in the measurement.

In the measurement of operational risk equivalent as of March 31, 2010, we did not exclude expected losses and also did not recognize the risk mitigating impact of insurance. In addition, we did not take into account the events related to credit risk in measuring operational risk equivalent.

Outline of measurement model

Operational risk equivalent is calculated as a simple sum of those related to the seven loss event types defined by Basel II, large-scale natural disasters and litigation. In the measurement of operational risk equivalent as of March 31, 2010, we did not reflect the correlation effects among operational risk related to each of the seven loss event types.

Operational risk by the loss event type

Loss Distribution (Compound Poisson Distribution) Approach (LDA) is adopted for the calculation of operational risk. LDA is based on the assumption that Poisson Distribution applies to the occurrence frequency of operational risk events, and loss severity is expressed through a separate distribution. Operational risk is calculated for each of the seven loss event types employing both internal loss data, based on our actual experience as operational loss events and scenario data. Scenario data, expressed as numerical values of occurrence frequency and loss severity, reflects external loss data and BEICFs, in order to estimate unexperienced potential future loss events (of low frequency and high severity).

Frequency Distribution and Severity Distribution are estimated employing the above mentioned internal loss data and scenario data, and Monte-Carlo simulations are then applied to these distributions to measure operational risk. The detailed steps of creation of scenario data are explained later in Scenario Analysis.

Estimation of Frequency Distribution and Loss Severity Distribution

Frequency Distribution is estimated by applying information on occurrence frequency of both internal loss data and scenario data to Poisson Distribution. Loss Severity Distribution is generated as the result of combining, through a statistical approach (Extreme Value Theory), of the actual distribution for the low severity distribution portion created by internal loss data and another loss distribution (Log-normal Distribution or Generalized Pareto Distribution) for the high severity distribution portion created by scenario data.

Operational risk of large-scale natural disasters

Monte-Carlo simulation is applied to the datasets expressed as a combination of the probability of occurrence of large-scale natural disasters and the probable loss amount in case of such occurrence, as opposed to estimating Frequency Distribution and Loss Severity Distribution.

Operational risk of litigation

Each litigation is converted into data according to the profile of the individual litigation to which Monte-Carlo simulation is applied, as opposed to estimating Frequency Distribution and Loss Severity Distribution. In the measurement process, we assume that final decisions will be made on all litigation within one year.

Verification

We confirm the appropriateness of the measurement model by verifying it, in principle, semi-annually.

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Scenario analysis

Outline of scenario analysis

In the process of scenario analysis, scenario data is created as numerical values of occurrence frequency and loss severity reflecting external loss data and BEICFs, in order to estimate unexperienced potential future operational risk events (of low frequency and high severity).

As for external loss data, we refer to data publicly reported by domestic and overseas media, and such data are reflected in the estimation of occurrence frequency and loss severity distribution in the process of scenario analysis. In addition, BEICFs are utilized as indices to adjust occurrence frequency and loss severity distribution in the process of scenario analysis.

We categorize scenario analyses into four approaches in accordance with the characteristics of each loss event type and risk management structures.

Approach	**Loss event type(s) to be applied**
A	Internal fraud / External fraud / Clients, products and business practices / Execution, delivery and process management
B	Employment practices and workplace safety
C	Damage to physical assets
D	Business disruption and system failure

At Mizuho Financial Group, loss event types to which Approach A is applied account for a considerable amount of operational risk. The detailed process of Approach A is explained below as a typical example of scenario analysis.

Setting units for scenario analysis

In order to ensure completeness and sufficiency, we set units that are commonly applied across group entities that adopt AMA (the Group Entities) by referencing and categorizing risk scenarios recognized through control self-assessment, internal loss data of the Group Entities and external loss data, etc. Then each of the Group Entities selects the unit on which scenario analysis is conducted from the units established on a groupwide basis in accordance with its business activities and operational risk profile.

Estimation of occurrence frequency

Basic occurrence frequency (once a year) is calculated for each scenario analysis unit. If a certain scenario analysis unit has relative internal loss data of a pre-determined threshold amount or above, its basic occurrence frequency is calculated based on such data, and if not, the basic occurrence frequency (the occurrence frequency per year of losses at or above a pre-determined threshold) is calculated with reference to the situation of occurrence of internal loss data of less than the threshold amount and/or external loss data. The basic occurrence frequency is then adjusted within a pre-determined range for the purpose of reflecting the most recent BEICF to determine the final occurrence frequency.

Estimation of loss severity distribution

In order to estimate loss severity distribution, we use a pre-determined series of severity ranges. Basic loss severity distribution is calculated for each scenario analysis unit as an occurrence ratio (in percentile figures) of loss at each severity range when losses at or above a pre-determined threshold occurred, with reference to transaction amount data, external loss data, etc. Then the basic severity distribution is adjusted, if necessary, from the viewpoint of statistical data processing to determine the final loss severity distribution.

Creation of scenario data

For each scenario analysis unit, scenario data is generated as a series of combinations of occurrence frequency per year at each severity range, based on the final occurrence frequency and the final loss severity distribution.

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Compliance

As one of Japan s leading comprehensive financial groups, we remain conscious of the importance of our social responsibilities and public mission at all times. We define compliance as the strict observance of all laws and regulations and the pursuit of fair and honest corporate activities that conform to the norms accepted by society and view ongoing compliance as one of the basic principles of sound business management. Each of our group companies maintains its own compliance structure in line with the basic policies established by Mizuho Financial Group.

Compliance Structure

The chief executive officer of Mizuho Financial Group, Mizuho Corporate Bank, Mizuho Bank and Mizuho Trust & Banking each generally oversees compliance matters of the respective company, and such chief executive officers also head their respective compliance committees at which important matters concerning compliance are discussed. The four companies also have individual compliance divisions under a chief compliance officer. Mizuho Financial Group, Mizuho Corporate Bank and Mizuho Bank are managed under the same chief compliance officer. These divisions are responsible for compliance planning and implementation and control overall compliance management at the respective companies. At the level of each organizational unit (such as branches and divisions) at the four companies, the head of the unit is responsible for guidance and implementation related to compliance matters within such unit, and the compliance officer or the compliance administrator at each unit reviews the status of compliance.

Other core group companies have also established compliance structures adapted to the characteristics of their respective businesses.

Mizuho Financial Group monitors the status of compliance of the Mizuho group through reports submitted by our principal banking subsidiaries and other core group companies and adopts appropriate responses when necessary.

Compliance at subsidiaries of our principal banking subsidiaries and other core group companies is monitored and managed by their respective parent.

Compliance Activities

We have established the Mizuho Code of Conduct, which sets forth clear and concrete standards of ethical behavior, and distributed it to all directors, senior management and employees of the Mizuho group so that they are well aware of its content and act accordingly.

Each of our group companies has also prepared a compliance manual, which serves as a practical guidebook for rigorous compliance enforcement and clarifies the laws and regulations that the group companies must observe in pursuing their business activities and the compliance activities they are required to follow.

We conduct compliance training for directors, senior management and employees so that they are fully acquainted with the contents of the manual. We monitor the status of compliance levels through self assessments conducted by individual organizational units and monitoring conducted by the compliance division of each company.

Every fiscal year, each of our group companies establishes a compliance program, which contains concrete measures for compliance enforcement such as measures related to the management of the compliance framework, training and assessments. Progress regarding the implementation of the compliance program is monitored every six months.

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Internal Audit

Internal audits are designed as an integrated process, independent from other business operations, for evaluating the extent to which internal control achieves its objectives in key areas, including appropriate risk management, efficient and effective business operations, reliable financial reporting and compliance with laws, regulations and internal rules. We conduct internal audits from an objective and comprehensive standpoint, independent of operational reporting lines, and offer advice and remedial recommendations in connection with any problems that may be identified. Through this process, internal audits assist the boards of directors of each of our group companies to fulfill their managerial duties efficiently and effectively.

In line with the Basic Policy for Internal Audit established by Mizuho Financial Group, our principal banking subsidiaries and other core group companies conduct internal audits, which include the auditing of their respective subsidiaries. In addition, with respect to the management of risks applicable across the Mizuho group, we coordinate internal audits throughout the group to assess the risk management status of the group as a whole.

Internal Audit Management Structure

Mizuho Financial Group

Our internal audit committee determines all important matters concerning internal audits. The committee is chaired by our president and chief executive officer and is independent of our other business operations.

Our internal audit committee monitors and manages internal audits at our principal banking subsidiaries and other core group companies through internal audit reports submitted by such subsidiaries. Our internal audit committee discusses and makes decisions regarding internal audits at our principal banking subsidiaries and other core group companies and submits the results, together with the results of their examination of the internal audit reports, to our board of directors.

Mizuho Corporate Bank and Mizuho Bank

Mizuho Corporate Bank and Mizuho Bank have also established internal audit committees that are independent of their other business operations.

Mizuho Corporate Bank and Mizuho Bank have established internal audit divisions and credit review divisions to conduct internal audits at their respective domestic and overseas business offices, head office divisions and group companies. Specifically, the internal audit divisions assess the suitability and effectiveness of business activities associated with compliance and risk management. The credit review divisions audit credit ratings and the status of credit management in addition to auditing the self-assessment of assets to verify the accuracy and suitability of matters deemed necessary to assure the soundness of assets.

Other Core Group Companies

Mizuho Trust & Banking and our other core group companies have also established effective and efficient internal audit structures adapted to the characteristics of their respective businesses.

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ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The table below sets out such fees payable to the depositary:

Persons depositing or withdrawing shares must pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Execution and delivery of ADRs and the surrender of ADRs
$.02 (or less) per ADS	Any cash distribution to ADS registered holders
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities that are distributed by the depositary to ADS registered holders
Registration or transfer fees	Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of the depositary	Cable, telex and facsimile transmissions expenses (as are expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges	As necessary
Any other charge incurred by the depositary or its agents in connection with the servicing of the deposited securities	As necessary

The Bank of New York Mellon (BNYM), as depositary, has agreed to reimburse us annually for expenses related to the administration and maintenance of the depositary receipt facility including, but not limited to, investor relations expenses, legal fees, New York Stock Exchange continue listing fees or any other direct or non-direct depositary receipt program related expenses. There are limits on the amount of expenses for which the depositary will reimburse us, and the terms and conditions of the annual reimbursement are subject to be reviewed by us and BNYM on an annual basis. In the fiscal year ended March 31, 2012, the depositary reimbursed us $75,000 as portion of our investor relations expenses and legal fees.

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PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of March 31, 2012. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable, not absolute, assurance of achieving their control objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based upon the evaluation referred to above, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures as of March 31, 2012 were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms.

Management s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management evaluated the effectiveness of our internal control over financial reporting as of March 31, 2012 based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the evaluation, management has concluded that we maintained effective internal control over financial reporting as of March 31, 2012.

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Our independent registered public accounting firm, Ernst & Young ShinNihon LLC has issued an attestation report on our internal control over financial reporting as of March 31, 2012, which appears on page F-3.

Attestation Report of the Registered Public Accounting Firm

See the attestation report of our independent registered public accounting firm, Ernst & Young ShinNihon LLC, which appears on page F-3.

Changes in Internal Control over Financial Reporting

During the period covered by this annual report, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of corporate auditors has determined that Mr. Masahiro Seki, a corporate auditor of ours, is an audit committee financial expert as defined in Item 16A of Form 20-F and is independent as defined in the listing standards of the NYSE. Mr. Seki has spent most of his career auditing Japanese companies that prepare their financial statements based on accounting standards generally accepted in the United States as well as multinational companies that operate in Japan and is a Japan-qualified certified public accountant.

ITEM 16B. CODE OF ETHICS

Mizuho Financial Group has adopted a code of ethics, which is applicable to all directors and executive officers, as well as all managers and other employees of the Company who engage in financial reporting, accounting or disclosure. The code of ethics is included in this annual report as Exhibit 11.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees for Services provided by Ernst & Young ShinNihon LLC

The aggregate fees billed by Ernst & Young ShinNihon LLC, our independent registered public accounting firm, and its affiliates, for the fiscal years ended March 31, 2011 and 2012 are presented in the following table:

	Fiscal year ended March 31,	
	2011	2012
	(in millions of yen)	
Audit fees(1)	¥ 4,624	¥ 4,315
Audit-related fees(2)	490	503
Tax fees(3)	93	63
All other fees(4)	99	16
Total	¥ 5,306	¥ 4,897

Notes:

(1) Audit fees include fees related to the audit of U.S. GAAP financial statements as well as Japanese GAAP financial statements used for home-country reporting purposes.

(2) Audit-related fees include fees for services relating to agreed-upon procedures on internal controls, due diligence services related to our securitization business and services related to the implementation of Section 404 of the Sarbanes-Oxley Act.

(3) Tax fees include fees for services relating to the preparation of tax returns and tax advice.

(4) All other fees include fees for services relating to education to improve the financial business knowledge of our employees.

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Pre-Approval Policies and Procedures

We established the pre-approval policies and procedures required by the Sarbanes-Oxley Act on April 1, 2006. Under the procedures, Mizuho Financial Group and its subsidiaries must apply to our corporate auditors for pre-approval before entering into an agreement regarding audit and permitted non-audit services with Ernst & Young ShinNihon LLC.

We follow two types of pre-approval policies and procedures:

General pre-approval	General pre-approval is required for services which are expected to be performed during a given fiscal year. Our board of corporate auditors reviews the fees for each service and the maximum amount of aggregate fees that may be incurred and authorizes pre-approval at the beginning of each fiscal year.
Specific pre-approval	For those services which have not been approved pursuant to the general pre-approval procedure, specific pre-approval by our corporate auditors is required prior to each engagement. With respect to such services, two full-time corporate auditors must provide pre-approval and report such pre-approval at the monthly meeting of the board of corporate auditors.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Mizuho Financial Group does not have an audit committee. We are relying on the general exemption contained in Rule 10A-3(c)(3) under the Exchange Act, which provides an exemption from the NYSE s listing standards relating to audit committees for foreign companies that have a board of corporate auditors that meet the requirements set forth in Rule 10A-3(c)(3). Our reliance on Rule 10A-3(c)(3) does not, in our opinion, materially adversely affect the ability of our board of corporate auditors to act independently and to satisfy the other requirements of Rule 10A-3.

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ITEM 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table sets forth purchases of our common stock by us and our affiliated purchasers during the fiscal year ended March 31, 2012:

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
April 1 to April 30, 2011	260	¥ 132		
May 1 to May 31, 2011	370	129		
June 1 to June 30, 2011	780	123		
July 1 to July 31, 2011	1,547	132		
August 1 to August 31, 2011	1,760	124		
September 1 to September 30, 2011	17,388	113		
October 1 to October 31, 2011	22,027,529	116		
November 1 to November 30, 2011	3,665	105		
December 1 to December 31, 2011	4,053	103		
January 1 to January 31, 2012	3,614	110		
February 1 to February 29, 2012	4,574	123		
March 1 to March 31, 2012	4,161	138		
Total	22,069,701	116		

Notes:

(1) A total of 42,321 shares were purchased other than through a publicly announced plan or program during the fiscal year ended March 31, 2012, due to our purchase of shares constituting less than one (1) unit from registered holders of shares constituting less than one (1) unit at the current market price of those shares.

(2) The above table includes shares that we repurchased during the fiscal year ended March 31, 2012 in connection with share exchange transactions relating to Mizuho Securities, Mizuho Investors Securities and Mizuho Trust & Banking that were consummated in September 2011. Specifically, these repurchases consisted of (a) a total of 22,025,000 shares in response to share purchase demands from dissenting shareholders in connection with such transactions and (b) a total of 2,380 shares from the former shareholders of our subsidiaries who were allotted fractional shares in connection with such transactions.

ITEM 16F. CHANGE IN REGISTRANT S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Our corporate governance practices are governed by applicable Japanese law, specifically the Company Law and Financial Instruments and Exchange Law of Japan, and our Articles of Incorporation. Also, because our shares are registered with the U.S. Securities and Exchange Commission and are listed on the New York Stock Exchange (NYSE), we are subject to corporate governance requirements applicable to NYSE-listed foreign private issuers. NYSE-listed companies that are foreign private issuers meeting certain criteria are permitted to follow home country practices in lieu of certain provision of Section 303A, and we are relying on this exemption.

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A NYSE-listed foreign private issuer is required to provide to its US investors, a brief, general summary of the significant differences of corporate governance practices that differ from U.S. companies under NYSE listing standards. The following is a summary of the significant ways in which our corporate governance practices differ from NYSE standards followed by U.S. companies:

A NYSE-listed U.S. company is required to have a majority of directors, and an audit committee composed entirely of directors, that meet the independence requirements under Section 303A of the NYSE s Listed Company Manual. Under the Japanese Company Law, we are required to have a corporate governance system based on either (i) a board of corporate auditors or (ii) committees. We adopt a corporate governance system based on a board of corporate auditors. The basic function of the board of corporate auditors is similar to that of independent directors, including those who are members of the audit committee, of a NYSE-listed U.S. company, i.e., to monitor the performance of the directors and review and express opinions on the method of auditing by the independent public accounting firm and on such accounting firm s audit reports for the protection of the company s shareholders. Under the Company Law, we are required to have at least half of our corporate auditors be outside corporate auditors who meet the independence requirements under the Company Law. Currently, three of our five corporate auditors are outside corporate auditors who meet such independence requirements. In addition, none of the corporate auditors may at the same time be directors, managers or employees of the company or any subsidiaries, or accounting participants or executive officers of such subsidiaries. While the Company Law does not require corporate auditors to have expertise in accounting or other special knowledge and experience, one of our corporate auditors is a certified public accountant.

We rely on an exemption from the audit committee requirements imposed by Rule 10A-3 of the U.S. Securities Exchange Act of 1934, as amended, which is available to foreign private issuers with a board of auditors (or similar body) meeting specified criteria. With respect to our board of corporate auditors, the criteria that we meet include the following:

responsible, to the extent permitted by law, for the appointment, retention and supervision of the work of a registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for us;

subject to procedures for the receipt, retention and treatment of complaints and the confidential, anonymous submission of concerns by employees regarding the status of our internal control system on accounting and financial reporting and internal and external audits;

each corporate auditor has the authority to engage independent counsel and other advisers if such engagement is necessary to carry out his or her duties; and

each corporate auditor has the ability to require us to pay any and all expenses necessary for carrying out his or her duties.

Under the Company Law, companies that adopt a corporate governance system based on a board of corporate auditors, such as us, are not required to maintain directors that are outside directors who meet the independence requirements under the Company Law. However, three of our nine directors are outside directors who meet such requirements.

A NYSE-listed U.S. company is required to have a nominating/corporate governance committee and a compensation committee, all of which must be composed entirely of independent directors. While we, a company that has corporate auditors, are not required to establish a nominating committee or a compensation committee under Japanese law, we voluntarily established similar committees, each with three outside directors and the president, to advise the board of directors on these matters in order to ensure transparency and impartiality in matters of personnel decisions affecting the board of directors and directors compensation.

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A NYSE-listed U.S. company must hold regularly scheduled executive sessions where participants are limited to non-management directors. Under the Company Law, Japanese corporations are not obliged to hold executive sessions where participants are limited to non-management directors.

The Company Law of Japan requires that the aggregate amount of remuneration to be paid to all directors and the aggregate amount of remuneration to be paid to all corporate auditors to be determined by a resolution of a general meeting of shareholders, unless their remuneration is provided for in the articles of incorporation. Such remuneration includes bonuses, retirement allowances and incentive stock options. Based on the above resolution, the distribution of remuneration among directors is broadly delegated to our board of directors, which takes into consideration of the advisory opinion by the compensation committee, and the distribution of remuneration among corporate auditors is determined by consultation among our corporate auditors.

A NYSE-listed U.S. company must adopt a code of business conduct and ethics and must post the code on its website. While we are not required to adopt such code under Japanese law or the rules of stock exchanges in Japan on which we are listed, we maintain the Mizuho Code of Conduct as our standard for corporate conduct to be observed by our directors, officers and employees.

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PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide the financial statements and related information specified in Item 18.

ITEM 18. FINANCIAL STATEMENTS

The information required by this item is set forth in our consolidated financial statements starting on page F-1 of this annual report.

ITEM 19. EXHIBITS

Exhibit Number	Description of Exhibits
1.1	Articles of Incorporation of Mizuho Financial Group, Inc., dated June 29, 2011 (English Translation)*
1.2	Bylaws Regarding the Board of Directors of Mizuho Financial Group, Inc., effective from January 8, 2003 and as amended on June 8, 2003 and amended on June 27, 2006 (English Translation)**
1.3	Regulations of Board of Corporate Auditors of Mizuho Financial Group, Inc., effective from January 9, 2003 and as amended on September 25, 2006 (English Translation)**
1.4	Share Handling Regulations of Mizuho Financial Group, Inc., dated January 6, 2010 (English Translation)***
2.1	Form of American Depositary Receipt****
2.2	Form of Deposit Agreement among the registrant, The Bank of New York Mellon (formerly The Bank of New York) as Depositary and all owners and holders from time to time of American Depositary Receipts issued thereunder**
8	List of significant subsidiaries of Mizuho Financial Group, Inc. see Item 4.C. Information on the Company Organizational Structure.
11	Code of Ethics of Mizuho Financial Group, Inc.*****
12.1	CEO Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
12.2	CFO Certification required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
13.1	Certification required by Rule 13a-14(b) (17 CFR 240.13a-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).

* Incorporated by reference to our annual report on Form 20-F (No. 001-33098) filed on July 20, 2011.
** Incorporated by reference to our registration statement on Form 20-F (No. 001-33098) filed on October 19, 2006.
*** Incorporated by reference to our annual report on Form 20-F (No. 001-33098) filed on July 29, 2010.
**** Incorporated by reference to our annual report on Form 20-F (No. 001-33098) filed on August 19, 2009.
***** Incorporated by reference to our annual report on Form 20-F (No. 001-33098) filed on August 10, 2007.

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SELECTED STATISTICAL DATA

In preparing the selected statistical data set forth below, foreign activities are defined as business transactions that involve customers residing outside of Japan. However, as the operations of Mizuho Financial Group, Inc. and its subsidiaries (the MHFG Group or the Group) are highly integrated globally, the MHFG Group has made certain estimates and assumptions in allocating assets, liabilities, income and expense between domestic and foreign operations. The Group considers domestic and foreign activities determined by such methods to be representative of the Group s operations.

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I. Distribution of assets, liabilities and equity; interest rates and interest differential

Average balances of balance sheet items, interest and dividend income, interest expense and average yields and rates

The following tables show the MHFG Group s average balances of balance sheet items, Interest and dividend income, Interest expense, average yields on interest-earning assets, and average rates on interest-bearing liabilities for the fiscal years ended March 31, 2010, 2011 and 2012. Average balances are generally based on a daily average. Month-end or quarter-end averages are used for certain average balances where it is not practicable to obtain applicable daily averages. The average balances determined by such methods are considered to be representative of the MHFG Group s operations.

	2010			2011			2012		
	Average balance	Interest and dividend income	Average yield	Average balance	Interest and dividend income	Average yield	Average balance	Interest and dividend income	Average yield
	(in billions of yen, except percentages)								
Assets:									
Interest-earning assets:									
Interest-bearing deposits in other banks:									
Domestic	176	1	0.56%	371	1	0.27%	1,822	2	0.13%
Foreign	1,992	8	0.41%	1,643	8	0.46%	3,509	17	0.46%
Total	2,168	9	0.42%	2,014	9	0.43%	5,331	19	0.35%
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions:									
Domestic	5,712	10	0.17%	6,264	10	0.16%	6,122	11	0.17%
Foreign	8,412	38	0.45%	8,772	44	0.50%	9,082	35	0.39%
Total	14,124	48	0.34%	15,036	54	0.36%	15,204	46	0.30%
Trading account assets:									
Domestic	7,561	37	0.49%	8,981	33	0.37%	8,884	25	0.28%
Foreign	7,669	167	2.18%	7,848	170	2.17%	8,855	168	1.91%
Total	15,230	204	1.34%	16,829	203	1.21%	17,739	193	1.09%
Investments:									
Domestic	33,275	229	0.69%	36,967	214	0.58%	39,529	206	0.52%
Foreign	2,335	49	2.10%	1,663	34	2.04%	1,639	36	2.18%
Total	35,610	278	0.78%	38,630	248	0.64%	41,168	242	0.59%
Loans (1):									
Domestic	57,074	864	1.51%	54,287	759	1.40%	53,770	707	1.31%
Foreign	10,206	229	2.25%	9,297	187	2.01%	11,334	230	2.03%
Total	67,280	1,093	1.63%	63,584	946	1.49%	65,104	937	1.44%
Total interest-earning assets:									
Domestic	103,798	1,141	1.10%	106,870	1,017	0.95%	110,127	951	0.86%
Foreign	30,614	491	1.61%	29,223	443	1.51%	34,419	486	1.41%
Total	134,412	1,632	1.21%	136,093	1,460	1.07%	144,546	1,437	0.99%
Noninterest-earning assets:									

Cash and due from banks	2,023	2,133	1,877
Other noninterest-earning assets [2]	22,935	21,940	19,123
Allowance for loan losses	(1,062)	(1,029)	(846)
Total noninterest-earning assets	23,896	23,044	20,154
Total average assets	158,308	159,137	164,700

Notes:

(1) Average balances of loans include all nonaccrual loans. The amortized portion of net loan origination fees (costs) is included in interest income on loans.
(2) The fair value carrying amounts of derivative contracts are reported in Other noninterest-earning assets.

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Within total average assets, the percentage attributable to foreign activities was 25.9%, 24.0% and 25.7%, respectively, for the fiscal years ended March 31, 2010, 2011 and 2012.

	2010			2011			2012		
	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate
	(in billions of yen, except percentages)								
Liabilities and equity:									
Interest-bearing liabilities:									
Deposits:									
Domestic	66,946	137	0.21%	68,060	86	0.13%	68,474	64	0.09%
Foreign	7,794	58	0.74%	8,048	48	0.60%	9,878	67	0.68%
Total	74,740	195	0.26%	76,108	134	0.18%	78,352	131	0.17%
Debentures Domestic	1,938	12	0.62%	1,150	7	0.57%	86		0.45%
Short-term borrowings [1]:									
Domestic	23,775	48	0.20%	22,270	37	0.17%	25,591	43	0.17%
Foreign	11,600	34	0.30%	12,312	49	0.40%	13,248	34	0.25%
Total	35,375	82	0.23%	34,582	86	0.25%	38,839	77	0.20%
Trading account liabilities:									
Domestic	3,099	10	0.33%	4,183	14	0.34%	3,833	14	0.38%
Foreign	871	21	2.36%	900	17	1.91%	892	14	1.58%
Total	3,970	31	0.77%	5,083	31	0.62%	4,725	28	0.60%
Long-term debt:									
Domestic	6,972	194	2.79%	8,129	186	2.29%	8,172	175	2.13%
Foreign	842	14	1.63%	482	5	0.95%	650	5	0.84%
Total	7,814	208	2.66%	8,611	191	2.22%	8,822	180	2.04%
Total interest-bearing liabilities:									
Domestic	102,730	401	0.39%	103,792	330	0.32%	106,156	296	0.28%
Foreign	21,107	127	0.60%	21,742	119	0.55%	24,668	120	0.49%
Total	123,837	528	0.43%	125,534	449	0.36%	130,824	416	0.32%
Noninterest-bearing liabilities [2]	31,671			30,045			29,477		
Equity	2,800			3,558			4,399		
Total average liabilities and equity	158,308			159,137			164,700		
Net interest income and average interest rate spread		1,104	0.78%		1,011	0.71%		1,021	0.67%
Net interest income as a percentage of average total interest-earning assets			0.82%			0.74%			0.71%

Notes:

(1)

Short-term borrowings consist of Due to trust accounts, Call money and funds purchased, Payables under repurchase agreements and securities lending transactions, Commercial paper, and Other short-term borrowings.

(2) The fair value carrying amounts of derivative contracts are reported in Noninterest-bearing liabilities.

Within total average liabilities, which is the total of interest-bearing liabilities and noninterest-bearing liabilities shown in the above table, the percentage attributable to foreign activities was 22.1%, 20.1% and 21.5%, respectively, for the fiscal years ended March 31, 2010, 2011 and 2012.

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Analysis of net interest income

The following tables show changes in the MHFG Group s Interest and dividend income, Interest expense, and Net interest income based on changes in volume and changes in rate for the fiscal year ended March 31, 2011 compared to the fiscal year ended March 31, 2010 and the fiscal year ended March 31, 2012 compared to the fiscal year ended March 31, 2011. Changes attributable to the combined impact of changes in rate and volume have been allocated proportionately to the changes due to volume changes and changes due to rate changes.

	Fiscal year ended March 31, 2011 versus fiscal year ended March 31, 2010			Fiscal year ended March 31, 2012 versus fiscal year ended March 31, 2011		
	Increase (decrease) due to changes in		Net	Increase (decrease) due to changes in		Net
	Volume	Yield	change	Volume	Yield	change
	(in billions of yen)					
Interest and dividend income:						
Interest-bearing deposits in other banks:						
Domestic	1	(1)		2	(1)	1
Foreign	(1)	1		8	1	9
Total				10		10
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions:						
Domestic					1	1
Foreign	2	4	6	1	(10)	(9)
Total	2	4	6	1	(9)	(8)
Trading account assets:						
Domestic	5	(9)	(4)		(8)	(8)
Foreign	3		3	19	(21)	(2)
Total	8	(9)	(1)	19	(29)	(10)
Investments:						
Domestic	21	(36)	(15)	13	(21)	(8)
Foreign	(13)	(2)	(15)		2	2
Total	8	(38)	(30)	13	(19)	(6)
Loans:						
Domestic	(41)	(64)	(105)	(7)	(45)	(52)
Foreign	(19)	(23)	(42)	41	2	43
Total	(60)	(87)	(147)	34	(43)	(9)
Total interest and dividend income:						
Domestic	(14)	(110)	(124)	8	(74)	(66)
Foreign	(28)	(20)	(48)	69	(26)	43
Total	(42)	(130)	(172)	77	(100)	(23)

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	Fiscal year ended March 31, 2011 versus fiscal year ended March 31, 2010			Fiscal year ended March 31, 2012 versus fiscal year ended March 31, 2011		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
	Volume	Rate	Net change	Volume	Rate	Net change
	(in billions of yen)					
Interest expense:						
Deposits:						
Domestic	1	(52)	(51)		(22)	(22)
Foreign	2	(12)	(10)	13	6	19
Total	3	(64)	(61)	13	(16)	(3)
Debentures Domestic	(4)	(1)	(5)	(5)	(2)	(7)
Short-term borrowings:						
Domestic	(3)	(8)	(11)	6		6
Foreign	3	12	15	2	(17)	(15)
Total		4	4	8	(17)	(9)
Trading account liabilities:						
Domestic	4		4	(1)	1	
Foreign	1	(5)	(4)		(3)	(3)
Total	5	(5)		(1)	(2)	(3)
Long-term debt:						
Domestic	27	(35)	(8)	1	(12)	(11)
Foreign	(5)	(4)	(9)	1	(1)	
Total	22	(39)	(17)	2	(13)	(11)
Total interest expense:						
Domestic	25	(96)	(71)	1	(35)	(34)
Foreign	1	(9)	(8)	16	(15)	1
Total	26	(105)	(79)	17	(50)	(33)
Net interest income:						
Domestic	(39)	(14)	(53)	7	(39)	(32)
Foreign	(29)	(11)	(40)	53	(11)	42
Total	(68)	(25)	(93)	60	(50)	10

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II. Investment portfolio

The following table shows amortized cost, fair value and net unrealized gains (losses) of available-for-sale and held-to-maturity securities at March 31, 2010, 2011 and 2012:

	2010			2011			2012		
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)
	(in billions of yen)								
Available-for-sale securities:									
Domestic:									
Japanese government bonds	28,272	28,229	(43)	29,280	29,213	(67)	32,629	32,647	18
Agency mortgage-backed securities (1)	474	477	3	687	682	(5)	824	830	6
Corporate bonds and other debt securities	4,406	4,428	22	4,543	4,553	10	3,653	3,670	17
Equity securities (marketable)	1,972	3,248	1,276	1,907	2,820	913	1,792	2,751	959
Total domestic	35,124	36,382	1,258	36,417	37,268	851	38,898	39,898	1,000
Foreign:									
U.S. Treasury bonds and federal agency securities	112	112		129	129		101	101	
Other foreign gov t bonds	318	319	1	290	290		444	445	1
Agency mortgage-backed securities (2)	56	58	2	82	82		148	150	2
Corporate bonds and other debt securities	870	894	24	745	767	22	606	624	18
Equity securities (marketable)	35	36	1	12	13	1	40	41	1
Total foreign	1,391	1,419	28	1,258	1,281	23	1,339	1,361	22
Total	36,515	37,801	1,286	37,675	38,549	874	40,237	41,259	1,022
Held-to-maturity securities:									
Domestic:									
Japanese government bonds	600	604	4	1,201	1,207	6	1,801	1,815	14
Corporate bonds and other debt securities	3	3		1	1		1	1	
Total domestic	603	607	4	1,202	1,208	6	1,802	1,816	14
Total	603	607	4	1,202	1,208	6	1,802	1,816	14

Notes:

(1) All of domestic agency mortgage-backed securities are mortgage-backed securities issued by Japan Housing Finance Agency, a Japanese government-sponsored enterprise.

(2) Foreign agency mortgage-backed securities primarily consist of Government National Mortgage Association or Ginnie Mae securities, which are guaranteed by the United States government.

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The following table shows the book values, contractual maturities and weighted average yields of available-for-sale and held-to-maturity debt securities at March 31, 2012. Fair value and amortized cost are the basis of the book value for available-for-sale and held-to-maturity debt securities, respectively. Weighted average yields are calculated based on amortized cost for all debt securities.

	Maturity									
	One year or less		After one year through five years		After five years through ten years		After ten years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(in billions of yen, except percentages)									
Available-for-sale securities:										
Domestic:										
Japanese government bonds	12,594	0.13%	17,186	0.20%	2,635	0.53%	232	1.46%	32,647	0.21%
Agency mortgage-backed securities		%		%		%	830	1.60%	830	1.60%
Corporate bonds and other debt securities	656	0.47%	1,869	0.95%	468	0.96%	677	2.19%	3,670	1.09%
Total domestic	13,250	0.15%	19,055	0.27%	3,103	0.60%	1,739	1.81%	37,147	0.32%
Foreign:										
U.S. Treasury bonds and federal agency securities	5	0.00%	47	0.93%	49	1.54%		%	101	1.18%
Other foreign gov t bonds	359	3.35%	60	3.28%	26	1.95%		%	445	3.26%
Agency mortgage-backed securities		%		%		%	150	3.75%	150	3.75%
Corporate bonds and other debt securities	121	2.51%	310	1.73%	137	0.91%	56	1.28%	624	1.68%
Total foreign	485	3.11%	417	1.86%	212	1.19%	206	3.08%	1,320	2.42%
Total	13,735	0.25%	19,472	0.30%	3,315	0.63%	1,945	1.94%	38,467	0.39%
Held-to-maturity securities:										
Domestic:										
Japanese government bonds		%	1,801	0.48%		%		%	1,801	0.48%
Corporate bonds and other debt securities	1	1.34%		%		%		%	1	1.34%
Total domestic	1	1.34%	1,801	0.48%		%		%	1,802	0.48%
Total	1	1.34%	1,801	0.48%		%		%	1,802	0.48%

Other than Japanese government bonds and Japanese agency mortgage-backed securities issued by Japan Housing Finance Agency, the MHFG Group did not have any securities of individual issuers with respect to which their aggregate book value exceeded 10% of the Group s shareholders equity at March 31, 2012.

In addition to Available-for-sale securities and Held-to-maturity securities, the MHFG Group s Investments also include Other investments. See Note 4 to the consolidated financial statements included elsewhere in this annual report for information regarding Other investments.

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III. Loan portfolio

Types of loans

The following table shows loans outstanding by domicile and industry of borrower at March 31, 2008, 2009, 2010, 2011 and 2012:

	2008	2009	2010	2011	2012
			(in billions of yen)		
Domestic:					
Manufacturing	7,794	8,903	8,065	7,617	7,587
Construction and real estate	8,846	8,608	7,854	7,308	7,271
Services	5,460	5,324	5,153	4,287	3,981
Wholesale and retail	6,069	5,978	5,306	5,314	5,295
Transportation and communications	3,339	3,500	3,237	3,228	3,201
Banks and other financial institutions	4,086	4,727	4,290	3,908	3,501
Government and public institutions	5,807	8,655	5,459	7,154	6,912
Other industries (Note)	4,374	3,852	3,332	3,759	4,319
Individuals:					
Mortgage loans	10,791	11,067	11,093	11,436	11,191
Other	893	832	789	745	719
Total domestic	57,459	61,446	54,578	54,756	53,977
Foreign:					
Commercial and industrial	8,815	8,680	7,237	6,965	8,146
Banks and other financial institutions	1,545	2,224	1,722	2,588	3,343
Government and public institutions	415	301	292	453	522
Other (Note)	94	94	32	9	91
Total foreign	10,869	11,299	9,283	10,015	12,102
Total	68,328	72,745	63,861	64,771	66,079
Less: Unearned income and deferred loan fees net	106	88	78	81	90
Total loans before allowance for loan losses	68,222	72,657	63,783	64,690	65,989

Note: Other industries of domestic and other of foreign include trade receivables and lease receivables of consolidated variable interest entities.

There were no concentrations of loans exceeding 10% of total loans which are not disclosed as a category of loans in the table above.

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Maturities and sensitivities of loans to changes in interest rates

The following table shows the maturities of loan portfolio by domicile and industry of borrower at March 31, 2012:

	Maturity			
	One year or less	After one year through five years	After five years	Total
	(in billions of yen)			
Domestic:				
Manufacturing	4,295	2,808	484	7,587
Construction and real estate	2,481	3,188	1,602	7,271
Services	1,885	1,687	409	3,981
Wholesale and retail	3,551	1,546	198	5,295
Transportation and communications	1,285	1,601	315	3,201
Banks and other financial institutions	2,118	927	456	3,501
Government and public institutions	5,740	607	565	6,912
Other industries	2,647	865	807	4,319
Individuals	1,416	2,454	8,040	11,910
Total domestic	25,418	15,683	12,876	53,977
Foreign:				
Total foreign	5,256	5,277	1,569	12,102
Total	30,674	20,960	14,445	66,079

Of the above loans due after one year, loans which had floating rates and fixed rates at March 31, 2012 were as follows:

	(in billions of yen)
Floating rates	27,943
Fixed rates	7,462
Total	35,405

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Impaired loans

The MHFG Group considers loans to be impaired when it is probable that the Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loan. The Group determines loans to special attention, intensive control, substantially bankrupt and bankrupt obligors as impaired loans, and all of the Group s impaired loans are designated as nonaccrual loans. The Group does not have loans to borrowers that cause management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms for the periods presented other than those already designated as impaired loans. The following table shows the distribution of impaired loans at March 31, 2008, 2009, 2010, 2011 and 2012 by domicile and industry of borrower.

	2008	2009	2010	2011	2012
			(in billions of yen)		
Domestic:					
Manufacturing	161	213	270	309	