

MIZUHO FINANCIAL GROUP INC

Form 20-F

July 23, 2012

Table of Contents

**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

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	The New York Stock Exchange

common stock

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.

# Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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

Yes  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

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  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  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

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  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

(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.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC.****ANNUAL REPORT ON FORM 20-F****Table of Contents**

	<b>Page</b>
<u>Presentation of Financial and Other Information</u>	3
<u>Forward-Looking Statements</u>	3
ITEM 1. <u>Identity of Directors, Senior Management and Advisers</u>	5
ITEM 2. <u>Offer Statistics and Expected Timetable</u>	5
ITEM 3. <u>Key Information</u>	5
3.A. <u>Selected Financial Data</u>	5
3.B. <u>Capitalization and Indebtedness</u>	10
3.C. <u>Reasons for the Offer and Use of Proceeds</u>	10
3.D. <u>Risk Factors</u>	10
ITEM 4. <u>Information on the Company</u>	20
4.A. <u>History and Development of the Company</u>	20
4.B. <u>Business Overview</u>	21
4.C. <u>Organizational Structure</u>	43
4.D. <u>Property, Plant and Equipment</u>	45
ITEM 4A. <u>Unresolved Staff Comments</u>	45
ITEM 5. <u>Operating and Financial Review and Prospects</u>	46
ITEM 6. <u>Directors, Senior Management and Employees</u>	117
6.A. <u>Directors and Senior Management</u>	117
6.B. <u>Compensation</u>	132
6.C. <u>Board Practices</u>	133
6.D. <u>Employees</u>	135
6.E. <u>Share Ownership</u>	135
ITEM 7. <u>Major Shareholders and Related Party Transactions</u>	137
7.A. <u>Major Shareholders</u>	137
7.B. <u>Related Party Transactions</u>	138
7.C. <u>Interests of Experts and Counsel</u>	138
ITEM 8. <u>Financial Information</u>	139
8.A. <u>Consolidated Statements and Other Financial Information</u>	139
8.B. <u>Significant Changes</u>	139
ITEM 9. <u>The Offer and Listing</u>	140
9.A. <u>Listing Details</u>	140
9.B. <u>Plan of Distribution</u>	141
9.C. <u>Markets</u>	142
9.D. <u>Selling Shareholders</u>	142
9.E. <u>Dilution</u>	142
9.F. <u>Expenses of the Issue</u>	142
ITEM 10. <u>Additional Information</u>	143
10.A. <u>Share Capital</u>	143
10.B. <u>Memorandum and Articles of Association</u>	143
10.C. <u>Material Contracts</u>	154
10.D. <u>Exchange Controls</u>	154
10.E. <u>Taxation</u>	155
10.F. <u>Dividends and Paying Agents</u>	161
10.G. <u>Statement by Experts</u>	161
10.H. <u>Documents on Display</u>	161
10.I. <u>Subsidiary Information</u>	161



**Table of Contents**

	<b>Page</b>
ITEM 11. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	162
ITEM 12. <u>Description of Securities Other than Equity Securities</u>	182
12.A. <u>Debt Securities</u>	182
12.B. <u>Warrants and Rights</u>	182
12.C. <u>Other Securities</u>	182
12.D. <u>American Depositary Shares</u>	182
ITEM 13. <u>Defaults, Dividend Arrearages and Delinquencies</u>	183
ITEM 14. <u>Material Modifications to the Rights of Securities Holders and Use of Proceeds</u>	183
ITEM 15. <u>Controls and Procedures</u>	183
ITEM 16A. <u>Audit Committee Financial Expert</u>	184
ITEM 16B. <u>Code of Ethics</u>	184
ITEM 16C. <u>Principal Accountant Fees and Services</u>	184
ITEM 16D. <u>Exemptions from the Listing Standards for Audit Committees</u>	185
ITEM 16E. <u>Purchase of Equity Securities by the Issuer and Affiliated Purchasers</u>	186
ITEM 16F. <u>Change in Registrant's Certifying Accountant</u>	186
ITEM 16G. <u>Corporate Governance</u>	186
ITEM 17. <u>Financial Statements</u>	189
ITEM 18. <u>Financial Statements</u>	189
ITEM 19. <u>Exhibits</u>	189
<u>Selected Statistical Data</u>	A-1
<u>Index to Consolidated Financial Statements</u>	F-1

---

**Table of Contents**

**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 relation to 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;



**Table of Contents**

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.

**Table of Contents**

**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.

**Table of Contents****U.S. GAAP Selected Consolidated Financial Information**

	2008	As of and for the fiscal years ended March 31,			2012
		2009	2010	2011	
(in millions of yen, except per share data and percentages)					
<b>Statement of income data:</b>					
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 <sup>(1)</sup>	(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
<b>Amounts per share<sup>(2)</sup>:</b>					
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 <sup>(3)</sup> :					
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

**Table of Contents**

	2008	As of and for the fiscal years ended March 31, 2009 2010 2011			2012
	(in millions of yen, except per share data and percentages)				
<b>Balance sheet data:</b>					
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
<b>Other financial data:</b>					
<b>Return on equity and assets:</b>					
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.

**Table of Contents****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)					
<b>Statement of income data:</b>					
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 <sup>(1)</sup>	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 <sup>(1)</sup>	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 <sup>(2)</sup>	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 <sup>(3)</sup>	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
<b>Net income (loss) per share<sup>(4)</sup>:</b>					
Basic	¥ 25,370.25	¥ (54.14)	¥ 16.29	¥ 20.47	¥ 20.62
Diluted	24,640.00	<sup>(5)</sup>	15.57	19.27	19.75
<b>Cash dividends per share declared during the fiscal year<sup>(4)(6)</sup>:</b>					
Common stock <sup>(7)</sup>	¥ 7,000	¥ 10,000	¥ 10	¥ 8	¥ 6
	\$ 70.11	\$ 100.86	\$ 0.11	\$ 0.10	\$ 0.07
Eleventh series class XI preferred stock <sup>(7)</sup>	¥ 20,000	¥ 20,000	¥ 20	¥ 20	¥ 20
	\$ 200.30	\$ 201.71	\$ 0.21	\$ 0.24	\$ 0.24
Thirteenth series class XIII preferred stock <sup>(7)</sup>	¥ 30,000	¥ 30,000	¥ 30	¥ 30	¥ 30
	\$ 300.45	\$ 302.57	\$ 0.32	\$ 0.36	\$ 0.36

**Table of Contents**

	2008	As of and for the fiscal years ended March 31,				2012
		2009	2010	2011		
(in millions of yen, except per share data and percentages)						
<b>Balance sheet data:</b>						
Total assets	¥ 154,412,105	¥ 152,723,070	¥ 156,253,572	¥ 160,812,006	¥ 165,360,501	
Loans and bills discounted <sup>(8)</sup>	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 <sup>(9)</sup>	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	
<b>Risk-adjusted capital data<sup>(10)</sup>:</b>						
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.

**Table of Contents**

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 <sup>(1)</sup> (yen per dollar)	Period end
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
<b>Calendar year 2012</b>				
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*





## **Table of Contents**

*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

## **Table of Contents**

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

---

## **Table of Contents**

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.

---

## **Table of Contents**

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.

## **Table of Contents**

### **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.

## **Table of Contents**

### **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

## **Table of Contents**

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

## **Table of Contents**

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



## **Table of Contents**

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.

## **Table of Contents**

### **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.

## **Table of Contents**

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



## **Table of Contents**

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.

## **Table of Contents**

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*

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

## **Table of Contents**

### *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*



## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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

## **Table of Contents**

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



## **Table of Contents**

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.

## **Table of Contents**

### *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

## Table of Contents

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.

## **Table of Contents**

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.

## **Table of Contents**

### *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.



## **Table of Contents**

### *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.

## **Table of Contents**

### *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.

## **Table of Contents**

### ***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.

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

## **Table of Contents**

### **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.

## **Table of Contents**

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

## Table of Contents

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.



## **Table of Contents**

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

## **Table of Contents**

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

## Table of Contents

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.

## **Table of Contents**

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

**Table of Contents**

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 tamenno 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

## **Table of Contents**

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.

## **Table of Contents**

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.

**Table of Contents**

(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 (%)
<b>Domestic</b>				
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
<b>Overseas</b>				
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



**Table of Contents****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	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
<b>Total</b>	<b>2,244,118</b>	<b>2,255,562</b>
Less: Accumulated depreciation and amortization	1,129,914	1,150,693
<b>Premises and equipment net</b>	<b>¥ 1,114,204</b>	<b>¥ 1,104,869</b>

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.

**Table of Contents****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.*

**Table of Contents for Item 5.**

	<b>Page</b>
<u>Overview</u>	46
<u>Critical Accounting Estimates</u>	60
<u>Operating Results</u>	63
<u>Business Segments Analysis</u>	75
<u>Geographical Segment Analysis</u>	84
<u>Financial Condition</u>	87
<u>Liquidity</u>	98
<u>Capital Adequacy</u>	99
<u>Off-balance-sheet Arrangements</u>	108
<u>Tabular Disclosure of Contractual Obligations</u>	112
<u>Recent Accounting Pronouncements</u>	112
<u>Reconciliation with Japanese GAAP</u>	112
<b>Overview</b>	

***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



## **Table of Contents**

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.

## **Table of Contents**

### *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.



---

**Table of Contents**

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.

**Table of Contents**

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:



---

**Table of Contents**

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:

**Table of Contents**

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.

**Table of Contents**

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:

**Table of Contents**

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:

---

## **Table of Contents**

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 pursuing 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.

---

**Table of Contents*****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.

---

**Table of Contents***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

## **Table of Contents**

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.



**Table of Contents***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:

	September 30, 2011	As of March 31, 2012 (in billions of US dollars)	Increase (decrease)
Greece	\$ 0.1	\$ 0.1	\$ 0.0
Ireland	0.7	0.4	(0.3)
Italy <sup>(2)</sup>	1.2	1.5	0.3
Portugal	0.4	0.4	0.0
Spain <sup>(2)</sup>	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



**Table of Contents**

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

**Table of Contents**

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.

## **Table of Contents**

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.

**Table of Contents****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

**Table of Contents**

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

**Table of Contents**

¥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.



**Table of Contents****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,								
	Average balance	2010 Interest amount	Interest rate	Average balance	2011 Interest amount	Interest rate	Average balance	2012 Interest amount	Interest rate
(in billions of yen, except percentages)									
<b>Domestic:</b>									
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
<b>Total interest-earning assets</b>	<b>103,798</b>	<b>1,141</b>	<b>1.10</b>	<b>106,870</b>	<b>1,017</b>	<b>0.95</b>	<b>110,127</b>	<b>951</b>	<b>0.86</b>
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 <sup>(1)</sup>	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
<b>Total interest-bearing liabilities</b>	<b>102,730</b>	<b>401</b>	<b>0.39</b>	<b>103,792</b>	<b>330</b>	<b>0.32</b>	<b>106,156</b>	<b>296</b>	<b>0.28</b>
<b>Net</b>	<b>1,068</b>	<b>740</b>	<b>0.71</b>	<b>3,078</b>	<b>687</b>	<b>0.63</b>	<b>3,971</b>	<b>655</b>	<b>0.58</b>
<b>Foreign:</b>									
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
<b>Total interest-earning assets</b>	<b>30,614</b>	<b>491</b>	<b>1.61</b>	<b>29,223</b>	<b>443</b>	<b>1.51</b>	<b>34,419</b>	<b>486</b>	<b>1.41</b>
Deposits	7,794	58	0.74	8,048	48	0.60	9,878	67	0.68
Short-term borrowings <sup>(1)</sup>	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
<b>Total interest-bearing liabilities</b>	<b>21,107</b>	<b>127</b>	<b>0.60</b>	<b>21,742</b>	<b>119</b>	<b>0.55</b>	<b>24,668</b>	<b>120</b>	<b>0.49</b>

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Net	9,507	364	1.01	7,481	324	0.96	9,751	366	0.92
<b>Total:</b>									
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.

**Table of Contents***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

**Table of Contents**

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.

**Table of Contents**

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
<b>Total noninterest income</b>	<b>¥ 1,331</b>	<b>¥ 1,037</b>	<b>¥ 1,090</b>

---

**Table of Contents***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.

**Table of Contents***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:

	<b>Fiscal years ended March 31,</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>(in billions of yen)</b>		
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
<b>Total noninterest expenses</b>	<b>¥ 1,526</b>	<b>¥ 1,436</b>	<b>¥ 1,471</b>

---

**Table of Contents***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.



**Table of Contents***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)		
<b>Current:</b>			
Domestic	¥ 11	¥ 7	¥ 22
Foreign	6	11	33
Total current tax expense	17	18	55
<b>Deferred:</b>			
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*

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

**Table of Contents**

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
<b>Gross deferred tax assets</b>	<b>4,091</b>	<b>3,789</b>	<b>3,227</b>
Valuation allowance	(2,604)	(2,478)	(1,952)
<b>Deferred tax assets, net of valuation allowance</b>	<b>1,487</b>	<b>1,311</b>	<b>1,275</b>
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
<b>Gross deferred tax liabilities</b>	<b>673</b>	<b>469</b>	<b>454</b>

Net deferred tax assets	¥ 814	¥ 842	¥ 821
-------------------------	-------	-------	-------

**Table of Contents*****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.

## **Table of Contents**

### ***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.

## **Table of Contents**

### *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.

**Table of Contents****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					Mizuho Securities	Others	Total Global Corporate Group
	Domestic	International	Trading and others	Subtotal	(in billions of yen)			
<b>Fiscal year ended March 31, 2010:</b>								
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	
<b>Fiscal year ended March 31, 2011:</b>								
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	
<b>Fiscal year ended March 31, 2012:</b>								
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	



Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

*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

---

**Table of Contents**

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.

**Table of Contents**

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				Mizuho Investors Securities	Others	Total Global Retail Group
	Retail Banking	Corporate Banking	Trading and others	Subtotal (in billions of yen)			
<b>Fiscal year ended March 31, 2010:</b>							
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
<b>Fiscal year ended March 31, 2011:</b>							
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
<b>Fiscal year ended March 31, 2012:</b>							
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



## Table of Contents

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.

**Table of Contents***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
<b>Fiscal year ended March 31, 2010:</b>			
Gross profits <sup>(1)</sup> :			
Net interest income	¥ 44.9	¥ 1.3	¥ 46.2
Net noninterest income	87.1	43.4	130.5
<b>Total</b>	<b>132.0</b>	<b>44.7</b>	<b>176.7</b>
General and administrative expenses	89.9	38.6	128.5
Others		(2.8)	(2.8)
<b>Net business profits</b>	<b>¥ 42.1</b>	<b>¥ 3.3</b>	<b>¥ 45.4</b>
<b>Fiscal year ended March 31, 2011<sup>(2)</sup>:</b>			
Gross profits <sup>(1)</sup> :			
Net interest income	¥ 42.5	¥ 0.9	¥ 43.4
Net noninterest income	81.0	45.0	126.0
<b>Total</b>	<b>123.5</b>	<b>45.9</b>	<b>169.4</b>
General and administrative expenses	79.0	38.5	117.5
Others		(2.1)	(2.1)
<b>Net business profits</b>	<b>¥ 44.5</b>	<b>¥ 5.3</b>	<b>¥ 49.8</b>
<b>Fiscal year ended March 31, 2012<sup>(2)</sup>:</b>			
Gross profits <sup>(1)</sup> :			
Net interest income	¥ 42.7	¥ 0.7	¥ 43.4
Net noninterest income	84.3	46.9	131.2
<b>Total</b>	<b>127.0</b>	<b>47.6</b>	<b>174.6</b>
General and administrative expenses	78.0	39.1	117.1
Others		(1.9)	(1.9)
<b>Net business profits</b>	<b>¥ 49.0</b>	<b>¥ 6.6</b>	<b>¥ 55.6</b>

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

**Table of Contents**

*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.



**Table of Contents****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 (in billions of yen)	Asia/Oceania excluding Japan, and others	Total
<b>Fiscal year ended March 31, 2010:</b>					
Total revenue <sup>(1)</sup>	¥ 2,324	¥ 284	¥ 230	¥ 125	¥ 2,963
Total expenses <sup>(2)</sup>	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
<b>Fiscal year ended March 31, 2011:</b>					
Total revenue <sup>(1)</sup>	¥ 1,943	¥ 282	¥ 128	¥ 144	¥ 2,497
Total expenses <sup>(2)</sup>	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
<b>Fiscal year ended March 31, 2012:</b>					
Total revenue <sup>(1)</sup>	¥ 1,966	¥ 251	¥ 132	¥ 178	¥ 2,527
Total expenses <sup>(2)</sup>	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

**Table of Contents**

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

---

**Table of Contents**

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.

**Table of Contents****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 (in billions of yen)	Increase (decrease)
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.

**Table of Contents***Loans**Loans Outstanding*

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

	2011	As of March 31,		2012	Increase (decrease)		
		(in billions of yen, except percentages)					
<b>Domestic:</b>							
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 <sup>(1)</sup>	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	
<b>Total domestic</b>	<b>54,756</b>	<b>84.5</b>	<b>53,977</b>	<b>81.7</b>	<b>(779)</b>	<b>(2.8)</b>	
<b>Foreign:</b>							
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 <sup>(1)</sup>	9	0.0	91	0.1	82	0.1	
<b>Total foreign</b>	<b>10,015</b>	<b>15.5</b>	<b>12,102</b>	<b>18.3</b>	<b>2,087</b>	<b>2.8</b>	
<b>Subtotal</b>	<b>64,771</b>	<b>100.0%</b>	<b>66,079</b>	<b>100.0%</b>	<b>1,308</b>		
<b>Less: Unearned income and deferred loan fees net</b>	<b>(81)</b>		<b>(90)</b>		<b>(9)</b>		
<b>Total loans before allowance for loan losses</b>	<b>¥ 64,690</b>		<b>¥ 65,989</b>		<b>¥ 1,299</b>		

## 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%.



**Table of Contents***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 <sup>(1)</sup>	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



---

**Table of Contents**

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.

**Table of Contents***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 Impaired loans	Ratio to gross total loans to industry	2012 Impaired loans	Ratio to gross total loans to industry	Increase (decrease) 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).

**Table of Contents**

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,		Increase
	2011	2012	(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)
<b>Total allowance for loan losses (C)</b>	<b>735</b>	<b>683</b>	<b>(52)</b>
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 <sup>(1)</sup> (F)	63,448	64,769	1,321
<b>Gross total loans (G)</b>	<b>¥ 64,771</b>	<b>¥ 66,079</b>	<b>¥ 1,308</b>
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



**Table of Contents**

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.

**Table of Contents***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,		Increase (decrease)
	2011	2012 (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 <sup>(1)</sup>	(9)	(1)	8
Balance at end of fiscal year	¥ 735	¥ 683	¥ (52)

Note:

(1) Others include primarily foreign exchange translation.

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

**Table of Contents**

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:

	2011		As of March 31,			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)										
<b>Available-for-sale securities:</b>										
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.



**Table of Contents****Liabilities**

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

	As of March 31, 2011	As of March 31, 2012 (in billions of yen)	Increase (decrease)
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
<b>Total liabilities</b>	<b>¥ 157,950</b>	<b>¥ 161,715</b>	<b>¥ 3,765</b>

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

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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

**Table of Contents**

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,			As of March 31,			Increase (decrease)		
	Domestic	2011 Foreign	Total	Domestic	2012 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)
<b>Total short-term borrowings</b>	<b>¥ 26,979</b>	<b>¥ 11,002</b>	<b>¥ 37,981</b>	<b>¥ 27,990</b>	<b>¥ 12,203</b>	<b>¥ 40,193</b>	<b>¥ 1,011</b>	<b>¥ 1,201</b>	<b>¥ 2,212</b>

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 (decrease)
	2011	2012	
	(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)
<b>Total MHFG shareholders equity</b>	<b>3,674</b>	<b>4,471</b>	<b>797</b>
Noncontrolling interests	362	176	(186)
<b>Total equity</b>	<b>¥ 4,036</b>	<b>¥ 4,647</b>	<b>¥ 611</b>

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

## **Table of Contents**

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.

**Table of Contents**

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		Stand-alone credit profile <sup>(1)</sup>	Moody's		Financial strength <sup>(3)</sup>
	Long-term	Short-term		Long-term <sup>(2)</sup>	Short-term	
Mizuho Corporate Bank	A+ <sup>(4)</sup>	A-1	a	A1	P-1	C-
Mizuho Bank	A+ <sup>(4)</sup>	A-1	a	A1	P-1	C-
Mizuho Trust & Banking	A+ <sup>(4)</sup>	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



**Table of Contents**

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



**Table of Contents**

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

**Table of Contents**

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 <sup>(1)</sup>	3.5%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Minimum Tier 1 capital <sup>(1)</sup>	4.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum total capital <sup>(1)</sup>	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 <sup>(1)</sup>	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 <sup>(1)</sup>	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.

**Table of Contents**

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 (decrease)
	2011	2012	
	(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)
<b>Total risk-based capital</b>	<b>¥ 7,910.9</b>	<b>¥ 7,772.9</b>	<b>¥ (138.0)</b>
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

**Table of Contents**

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                      2012 (in billions of yen)		Increase (decrease)
<b>Tier 1 capital:</b>			
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)
<b>Total Tier 1 capital</b>	<b>¥ 6,170.2</b>	<b>¥ 6,397.8</b>	<b>¥ 227.6</b>
<b>Tier 2 capital:</b>			
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)
<b>Total Tier 2 capital</b>	<b>2,103.4</b>	<b>1,745.1</b>	<b>(358.2)</b>
Tier 2 capital included as qualifying capital	2,103.4	1,745.1	(358.2)
<b>Deductions for total risk-based capital</b>	<b>(362.6)</b>	<b>(370.0)</b>	<b>(7.4)</b>
<b>Total risk-based capital</b>	<b>¥ 7,910.9</b>	<b>¥ 7,772.9</b>	<b>¥ (138.0)</b>

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.

**Table of Contents**

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 <sup>(1)</sup>
June 2014	209.3 <sup>(2)</sup>
June 2015	452.5
June 2016	449.2 <sup>(3)</sup>
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:

	2008	2009	As of March 31, 2010	2011	2012
	(in billions of yen, except percentages)				
Preferred stock	¥ 980.4	¥ 948.6 <sup>(1)</sup>	¥ 535.9 <sup>(1)</sup>	¥ 453.5 <sup>(1)</sup>	¥ 410.3 <sup>(1)(2)</sup>
Non-dilutive preferred securities	1,539.7	1,886.8	1,937.8	1,919.8	1,859.6 <sup>(3)</sup>
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),

**Table of Contents**

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	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%
<b><i>Risk-weighted Assets</i></b>		

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

	As of March 31,		Increase (decrease)
	2011	2012	
	(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.



**Table of Contents****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,		Increase (decrease)
	2011	2012	
<b>Mizuho Corporate Bank</b>			
BIS standard:			
Tier 1 capital ratio	16.10%	15.86%	(0.24)%
Capital adequacy ratio	18.80	17.80	(1.00)
<b>Mizuho Bank<sup>(1)</sup></b>			
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
<b>Mizuho Trust &amp; Banking</b>			
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.

**Table of Contents****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)		
<b>Guarantees:</b>			
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)		
<b>Commitments:</b>			
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

---

**Table of Contents**

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.

## **Table of Contents**

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.

**Table of Contents****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 (in billions of yen)	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 (in billions of yen)	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.

**Table of Contents****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 (in billions of yen)	Due from four years to five years	Due after five years	Total
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
<b>Total</b>	<b>¥ 42,279</b>	<b>¥ 2,690</b>	<b>¥ 2,628</b>	<b>¥ 1,500</b>	<b>¥ 1,164</b>	<b>¥ 4,000</b>	<b>¥ 54,261</b>

**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 (in billions of yen)	Net income attributable to MHFG shareholders
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

**Table of Contents**

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.



## **Table of Contents**

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

---

**Table of Contents**

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.

**Table of Contents**

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.

**Table of Contents****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	

**Table of Contents**

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

Managing Executive Officer of  
Mizuho Bank, Ltd.

Managing Executive Officer of  
Mizuho Corporate Bank, Ltd.

Managing Executive Officer of  
Mizuho Trust & Banking Co., Ltd.

**Table of Contents**

Name  (date of birth)	Current positions and  principal outside positions	Business experience	Expiration of current term
			as director  or corporate  auditor
Masaaki Kono  (Feb. 24, 1957)	Managing Director (since June 2011)	Apr. 2012	June 2013
		Apr. 2012	
		Apr. 2012	
		Apr. 2012	
	Head of Strategic Planning Group	Mar. 2006	
		Apr. 2008	
	Chief Strategy Officer	Apr. 2011	
		June 2011	
	Managing Executive Officer of Mizuho Bank, Ltd.	Nov. 2011	
Managing Executive Officer of Mizuho Corporate Bank, Ltd.			
Managing Executive Officer of Mizuho Trust & Banking Co., Ltd.			
	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)	





**Table of Contents**

Name (date of birth)	Current positions and principal outside positions	Business experience	Expiration of current term  as director  or corporate  auditor
Hideyuki Takahashi (Apr. 20, 1957)	<p>Managing Director (since June 2012)</p> <p>Head of Financial Control and Accounting Group</p> <p>Chief Financial Officer</p> <p>Managing Executive Officer of Mizuho Bank, Ltd.</p> <p>Managing Executive Officer of Mizuho Corporate Bank, Ltd.</p> <p>Managing Executive Officer of Mizuho Trust &amp; Banking Co., Ltd.</p>	<p>Apr. 2012 Managing Executive Officer/ Head of Strategic Planning Group of Mizuho Corporate Bank, Ltd. (current)</p> <p>Apr. 2012 Managing Executive Officer/ In charge of Strategic Planning, Financial Control &amp; Accounting Group of Mizuho Trust &amp; Banking Co., Ltd. (current)</p> <p>Apr. 2007 Executive Officer / Senior Corporate Officer of Strategic Planning Group of Mizuho Corporate Bank, Ltd.</p> <p>Apr. 2009 Managing Executive Officer / Head of Global Portfolio Management Unit, Head of Financial Institutions &amp; Public Sector Business Unit, Head of Global Alternative Investment Unit</p> <p>Apr. 2010 Managing Executive Officer / Chief Financial Officer and Chief Portfolio Management Officer</p> <p>Apr. 2011 Managing Executive Officer / Chief Financial Officer, Chief Portfolio Management Officer and Chief Information Officer</p> <p>Apr. 2012 Managing Executive Officer / Head of Financial Control &amp; Accounting Group of Mizuho Financial Group, Inc.</p> <p>Apr. 2012 Managing Executive Officer / Head of Financial Control &amp; Accounting Group of Mizuho Bank, Ltd. (current)</p> <p>Apr. 2012 Managing Executive Officer / Head of Financial Control &amp; Accounting Group of Mizuho Corporate Bank, Ltd. (current)</p>	June 2014

**Table of Contents**

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term  as director  or corporate  auditor
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. 2012  Apr. 2012  June 2012  Apr. 2007  Apr. 2009  Apr. 2011  Apr. 2012  Apr. 2012  Apr. 2012	Managing Executive Officer / In charge of Strategic Planning, Financial Control & Accounting Group of Mizuho Trust & Banking Co., Ltd. (current)  President & CEO of Mizuho Financial Strategy Co., Ltd. (current)  Managing Director / Head of Financial Control & Accounting Group of Mizuho Financial Group, Inc.(current)  Executive Officer/General Manager of Executive Secretariat of Mizuho Corporate Bank, Ltd.  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.  Managing Executive Officer/ Head of Strategic Planning Group and Head of IT, Systems & Operations Group  Managing Executive Officer /Head of IT & Systems Group and Head of Operations Group  Managing Executive Officer/ Head of IT & Systems Group and Head of Operations Group of Mizuho Bank, Ltd. (current)  Managing Executive Officer/ Head of IT & Systems Group and Head of Operations Group of Mizuho Corporate Bank, Ltd. (current)	June 2014

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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)

121

**Table of Contents**

Name	Current positions and	Business experience	Expiration of current term
(date of birth)	principal outside positions		as director
			or corporate
			auditor
Akihiko Nomiyama <sup>(1)(3)</sup> (June 15, 1934)	Director (since June 2007)  Honorary Executive Consultant of JX Holdings, Inc.	<p>June 2012 Managing Director /Head of IT &amp; Systems Group and Head of Operations Group of Mizuho Financial Group, Inc. (current)</p> <p>Apr. 1957 Joined Nippon Mining Co., Ltd.</p> <p>June 1984 Director</p> <p>June 1989 Managing Director</p> <p>Dec. 1992 Managing Director of Nikko Kyodo Co., Ltd.</p> <p>Dec. 1993 Managing Director of Japan Energy Corporation</p> <p>June 1994 Senior Managing Director</p> <p>June 1996 President and CEO (Representative Director)</p> <p>June 2000 Chairman, President and CEO (Representative Director)</p> <p>Apr. 2002 Chairman and CEO (Representative Director)</p> <p>Sep. 2002 President and CEO (Representative Director) of NIPPON MINING HOLDINGS, INC.</p> <p>June 2003 Chairman (Representative Director)</p>	June 2013

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

		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 <sup>(1)</sup> (Jan. 18, 1936)	Director (since June 2005)	Mar. 1959	Joined Mitsui Bank, Ltd.	June 2013
		Dec. 1961	Joined Showa Denko K.K.	
	Senior Advisor of 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	

**Table of Contents**

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term
				as director or corporate auditor
Kanemitsu Anraku <sup>(1)(3)</sup> (Apr. 21, 1941)	Director (since June 2007)	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)	
		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			

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

		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	

**Table of Contents**

Name	Current positions and	Business experience	Expiration of current term
(date of birth)	principal outside positions		as director
			or corporate
			auditor
Toshinari Iyoda	Corporate Auditor (since June 2011)	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)	June 2015
(Mar. 31, 1954)	Corporate Auditor of Mizuho Corporate Bank, Ltd.	Apr. 2005 Managing Director/Head of Advisory Group No.1 of Mizuho Securities Co., 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

124

**Table of Contents**

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term  as director  or corporate auditor
Masahiro Seki <sup>(2)(3)</sup> (Sep. 11, 1934)	Corporate Auditor (since June 2006)	June 2011	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
		June 2012	Corporate Auditor of Mizuho Corporate Bank, Ltd. (current)	
		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)	

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

		June 2006	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
Masami Ishizaka <sup>(2)(3)</sup> (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	

125

**Table of Contents**

Name	Current positions and	Business experience	Expiration of current term
(date of birth)	principal outside positions		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 <sup>(2)(3)</sup>	Corporate Auditor (since June 2011)	Apr. 1964 Assistant Judge of the Tokyo District Court	June 2015
(Dec. 26, 1939)	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)	

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

**Table of Contents****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.

**Table of Contents**

Name  (date of birth)	Current positions and  principal outside positions	Business experience
Kazunori Hashimoto  (May 15, 1960)	Executive Officer (since July 2011)  General Manager of Group Human Resources Division  Executive Officer of Mizuho Bank, Ltd.  Executive Officer of Mizuho Corporate Bank, Ltd.	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)
		Oct. 2006 Deputy General Manager of Human Resources Division of Mizuho Bank, Ltd.
		Oct. 2007 General Manager of Yokoyamacho Corporate Banking Department of Yokoyamacho Branch
		Apr. 2010 General Manager of Human Resources Management Division 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)		



**Table of Contents**

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.
	General Manager of Corporate Planning Division	Apr. 2008 General Manager of Business Promotion Division for Employees of Corporate Customers
	Executive Officer of Mizuho Bank, Ltd.	Apr. 2009 General Manager of Corporate Planning of Mizuho Financial Group, Inc.
	Executive Officer of Mizuho Corporate Bank, Ltd.	Apr. 2011 Executive Officer/General Manager of Corporate Planning Division (current)
		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)

**Table of Contents**

Name  (date of birth)	Current positions and  principal outside positions		Business experience
Mitsuo Ootani  (Jan. 19, 1961)	Executive Officer (since Apr. 2012)  General Manager of Compliance Division  Executive Officer of Mizuho Bank, Ltd.  Executive Officer of Mizuho Corporate Bank, Ltd.	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
		Apr. 2012	Executive Officer/General Manager of Compliance Division of Mizuho Financial Group, Inc. (current)
		Apr. 2012	Executive Officer/General Manager of Compliance Division of Mizuho Bank, Ltd. (current)
Ryusuke Aya  (May 20, 1960)	Executive Officer (since Apr. 2012)  General Manager of Risk Management Division  Executive Officer of Mizuho Bank, Ltd.  Executive Officer of Mizuho Corporate Bank, Ltd.	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)
		Apr. 2010	General Manager of Risk Management Division
		Apr. 2012	Executive Officer/General Manager of Risk Management Division of Mizuho Financial Group, Inc. (current)
		Apr. 2012	Executive Officer/General Manager of Risk Management Division of Mizuho Bank, Ltd. (current)
Junichi Shinbo  (May 21, 1961)	Executive Officer (since Apr. 2012)  General Manager of Portfolio Management Division  Executive Officer of Mizuho Bank, Ltd.  Executive Officer of Mizuho Corporate Bank, Ltd.	July 2005	Deputy General Manager of Financial Planning of Mizuho Financial Group, Inc.
		Apr. 2009	General Manager of Global Alternative Investment Division and General Manager of London Department of Mizuho Corporate Bank, Ltd.

**Table of Contents**

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)  General Manager of IT & Systems Planning Division  Executive Officer of Mizuho Bank, Ltd.  Executive Officer of Mizuho Corporate Bank, Ltd.	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.) 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) 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)
Koji Fujiwara (June 29, 1961)	Executive Officer (since Apr. 2012)  General Manager of Investor Relations Division	July 2004 Deputy General Manager of Consumer and Private Banking Planning Division of Mizuho Bank, Ltd.  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

**Table of Contents**

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.

---

## **Table of Contents**

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

## **Table of Contents**

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.

**Table of Contents****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:

<b>Business segment</b>	<b>Number of full-time employees</b>	<b>Average number of temporary employees</b>
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
<b>Total</b>	<b>56,109</b>	<b>18,538</b>

<b>Business segment</b>	<b>Number of full-time employees</b>	<b>Average number of temporary employees</b>
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
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

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:

<b>Directors</b>	<b>Number of shares owned</b>
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

**Table of Contents**

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:

Plan	As of March 31, 2012	
	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

**Table of Contents****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
<b>Total</b>	<b>4,712,380,111</b>	<b>19.62%</b>

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%
-------	------------	--------

**Table of Contents*****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
<b>Total</b>	<b>30,500,000</b>	<b>83.13%</b>

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.

## **Table of Contents**

### **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.

**Table of Contents****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		Average daily trading volume (shares)
	High	Low	
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

**Table of Contents****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		Average daily trading volume (shares)
	High	Low	
2008 <sup>(1)</sup>	¥ 911,000	¥ 360,000	120,603
2009 <sup>(2)</sup>	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.



**Table of Contents**

**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.

## **Table of Contents**

### **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.



**Table of Contents***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.

**Table of Contents**

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

---

**Table of Contents**

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.

## **Table of Contents**

### ***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);



## **Table of Contents**

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 weeks 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.

## **Table of Contents**

### ***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*.

**Table of Contents*****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 depository 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

## **Table of Contents**

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.

## **Table of Contents**

### ***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.

## **Table of Contents**

### ***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.

**Table of Contents**

The anti-dilution adjustments will generally be made in accordance with the following formula.

$$\begin{array}{rcl}
 \text{Conversion} & & \\
 \text{price after} & = & \text{Conversion} \\
 \text{adjustment}^{(1)} & & \text{price before} \\
 & & \text{adjustment}^{(1)} \times \\
 & & \text{Number of shares of} \\
 & & \text{common stock already} \\
 & & \text{issued} \\
 & & + \\
 & & \text{Number of shares of} \\
 & & \text{common stock to be newly} \\
 & & \text{issued} \\
 & & + \\
 & & \text{Number of shares of} \\
 & & \text{common stock to be newly} \\
 & & \text{issued} \\
 & & \times \\
 & & \text{Subscription} \\
 & & \text{money per} \\
 & & \text{share} \\
 & & \text{Current market price per share} \\
 & & \text{Number of shares of} \\
 & & \text{common stock}
 \end{array}$$

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;



## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

## **Table of Contents**

### **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.

---

**Table of Contents**

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.

---

## **Table of Contents**

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.

---

**Table of Contents**

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

**Table of Contents**

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

---

**Table of Contents**

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.

## **Table of Contents**

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.



---

**Table of Contents****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

---

**Table of Contents**

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

---

**Table of Contents**

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.

**Table of Contents***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

## **Table of Contents**

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:

## **Table of Contents**

### ***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

---

**Table of Contents**

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).

**Table of Contents***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			As of March 31, 2010
	Daily average	Maximum	Minimum	
	(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
<b>Total</b>	<b>¥ 3.1</b>	<b>¥ 4.8</b>	<b>¥ 2.1</b>	<b>¥ 2.8</b>

Risk category	Fiscal year ended March 31, 2011			As of March 31, 2011
	Daily average	Maximum	Minimum	
	(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
<b>Total</b>	<b>¥ 2.9</b>	<b>¥ 3.8</b>	<b>¥ 2.2</b>	<b>¥ 3.6</b>

Risk category	Fiscal year ended March 31, 2012			As of March 31, 2012
	Daily average	Maximum	Minimum	
	(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
<b>Total</b>	<b>¥ 3.8</b>	<b>¥ 4.8</b>	<b>¥ 2.8</b>	<b>¥ 3.0</b>





**Table of Contents**

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:

	2010	Fiscal years ended March 31,		Change
		2011	2012	
	(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

**Table of Contents***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,			Change
	2010	2011	2012	
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.

**Table of Contents**

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.

	2010	As of March 31, 2011 (in billions of yen)	2012	Change
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.

**Table of Contents*****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:

<b>Assumed maximum loss results</b>	<b>As of March 31, 2012 (in billions of yen)</b>	
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

**Table of Contents****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 (in billions of yen, except percentages)	Loss ratio to capital
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.





**Table of Contents**

The following table shows total market risk equivalent as of the dates indicated calculated using the standardized measurement method and internal models:

	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
<b>Total market risk equivalent</b>	<b>¥ 111.1</b>	<b>¥ 166.6</b>	<b>¥ 55.5</b>

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.

**Table of Contents****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.

	<b>Definition</b>	<b>Principal Risk Management Methods</b>
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.	<p>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.</p> <p>Ensure ongoing project management in systems development and quality control.</p> <p>Strengthen security to prevent information leaks.</p> <p>Improve effectiveness of emergency responses by improving backup systems and holding drills.</p>
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.	<p>Establish clearly defined procedures for handling operations.</p> <p>Periodically check the status of operational processes.</p> <p>Conduct training and development programs by headquarters.</p> <p>Introduce information technology, office automation and centralization for operations.</p> <p>Improve the effectiveness of emergency responses by holding drills.</p>
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.	<p>Review and confirm legal issues, including the legality of material decisions, agreements and external documents, etc.</p> <p>Collect and distribute legal information and conduct internal training programs.</p> <p>Analyze and manage issues related to lawsuits.</p>
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.	<p>Conduct employee satisfaction surveys.</p> <p>Understand the status of vacation days taken by personnel.</p> <p>Understand the status of voluntary resignations.</p>

**Table of Contents**

	<b>Definition</b>	<b>Principal Risk Management Methods</b>
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.	<p>Manage the planning and implementation of construction projects related to the repair and replacement of facilities.</p> <p>Identify and evaluate the status of damage to tangible assets caused by natural disasters, etc., and respond appropriately to such damage.</p>
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.	<p>Understand important changes in regulations or systems that have significant influence on our business operations or financial condition in a timely and accurate manner.</p> <p>Analyze degree of influence of regulatory changes and establish countermeasures.</p> <p>Continuously monitor our regulatory change risk management mentioned above.</p>
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.	<p>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.</p> <p>Swiftly identify rumors and devise appropriate responses depending on the urgency and possible impact of the situation to minimize possible losses.</p>
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

## Table of Contents

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.



**Table of Contents***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.

<b>Approach</b>	<b>Loss event type(s) to be applied</b>
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

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

## **Table of Contents**

### **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.



## **Table of Contents**

### **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.

**Table of Contents**

**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:**

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.02 (or less) per ADS

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

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges

Any other charge incurred by the depositary or its agents in connection with the servicing of the deposited securities

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.

**For:**

Execution and delivery of ADRs and the surrender of ADRs

Any cash distribution to ADS registered holders

Distribution of securities distributed to holders of deposited securities that are distributed by the depositary to ADS registered holders

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

Cable, telex and facsimile transmissions expenses (as are expressly provided in the deposit agreement)

Converting foreign currency to U.S. dollars

As necessary

As necessary

---

**Table of Contents**

**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.



**Table of Contents**

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 <sup>(1)</sup>	¥ 4,624	¥ 4,315
Audit-related fees <sup>(2)</sup>	490	503
Tax fees <sup>(3)</sup>	93	63
All other fees <sup>(4)</sup>	99	16
<b>Total</b>	<b>¥ 5,306</b>	<b>¥ 4,897</b>

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.

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

- (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.

**Table of Contents**

*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.

**Table of Contents****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		
<b>Total</b>	<b>22,069,701</b>	<b>116</b>		

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.





---

**Table of Contents**

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.

**Table of Contents**

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.

**Table of Contents****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**

<b>Exhibit Number</b>	<b>Description of Exhibits</b>
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.

**Table of Contents**

**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.

A-1

**Table of Contents****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)								
<b>Assets:</b>									
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 <sup>(1)</sup> :									
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:									

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Cash and due from banks	2,023	2,133	1,877
Other noninterest-earning assets <sup>(2)</sup>	22,935	21,940	19,123
Allowance for loan losses	(1,062)	(1,029)	(846)
<b>Total noninterest-earning assets</b>	<b>23,896</b>	<b>23,044</b>	<b>20,154</b>
<b>Total average assets</b>	<b>158,308</b>	<b>159,137</b>	<b>164,700</b>

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.

**Table of Contents**

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.

	Average balance	2010 Interest expense	Average rate	Average balance	2011 Interest expense	Average rate	Average balance	2012 Interest expense	Average rate
(in billions of yen, except percentages)									
<b>Liabilities and equity:</b>									
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 <sup>(1)</sup> :									
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 <sup>(2)</sup>	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)



## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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.

A-3

**Table of Contents***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 Volume	Yield	Net change (in billions of yen)	Increase (decrease) due to changes in Volume	Yield	Net change
<b>Interest and dividend income:</b>						
<b>Interest-bearing deposits in other banks:</b>						
Domestic	1	(1)		2	(1)	1
Foreign	(1)	1		8	1	9
<b>Total</b>				<b>10</b>		<b>10</b>
<b>Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions:</b>						
Domestic					1	1
Foreign	2	4	6	1	(10)	(9)
<b>Total</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>(9)</b>	<b>(8)</b>
<b>Trading account assets:</b>						
Domestic	5	(9)	(4)		(8)	(8)
Foreign	3		3	19	(21)	(2)
<b>Total</b>	<b>8</b>	<b>(9)</b>	<b>(1)</b>	<b>19</b>	<b>(29)</b>	<b>(10)</b>
<b>Investments:</b>						
Domestic	21	(36)	(15)	13	(21)	(8)
Foreign	(13)	(2)	(15)		2	2
<b>Total</b>	<b>8</b>	<b>(38)</b>	<b>(30)</b>	<b>13</b>	<b>(19)</b>	<b>(6)</b>
<b>Loans:</b>						
Domestic	(41)	(64)	(105)	(7)	(45)	(52)
Foreign	(19)	(23)	(42)	41	2	43
<b>Total</b>	<b>(60)</b>	<b>(87)</b>	<b>(147)</b>	<b>34</b>	<b>(43)</b>	<b>(9)</b>
<b>Total interest and dividend income:</b>						
Domestic	(14)	(110)	(124)	8	(74)	(66)
Foreign	(28)	(20)	(48)	69	(26)	43
<b>Total</b>	<b>(42)</b>	<b>(130)</b>	<b>(172)</b>	<b>77</b>	<b>(100)</b>	<b>(23)</b>



**Table of Contents**

	Fiscal year ended March 31, 2011 versus fiscal year ended March 31, 2010 Increase (decrease) due to changes in			Fiscal year ended March 31, 2012 versus fiscal year ended March 31, 2011 Increase (decrease) due to changes in		
	Volume	Rate	Net change (in billions of yen)	Volume	Rate	Net change
<b>Interest expense:</b>						
<b>Deposits:</b>						
Domestic	1	(52)	(51)		(22)	(22)
Foreign	2	(12)	(10)	13	6	19
<b>Total</b>	<b>3</b>	<b>(64)</b>	<b>(61)</b>	<b>13</b>	<b>(16)</b>	<b>(3)</b>
<b>Debtures:</b>						
Domestic	(4)	(1)	(5)	(5)	(2)	(7)
<b>Short-term borrowings:</b>						
Domestic	(3)	(8)	(11)	6		6
Foreign	3	12	15	2	(17)	(15)
<b>Total</b>		<b>4</b>	<b>4</b>	<b>8</b>	<b>(17)</b>	<b>(9)</b>
<b>Trading account liabilities:</b>						
Domestic	4		4	(1)	1	
Foreign	1	(5)	(4)		(3)	(3)
<b>Total</b>	<b>5</b>	<b>(5)</b>		<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
<b>Long-term debt:</b>						
Domestic	27	(35)	(8)	1	(12)	(11)
Foreign	(5)	(4)	(9)	1	(1)	
<b>Total</b>	<b>22</b>	<b>(39)</b>	<b>(17)</b>	<b>2</b>	<b>(13)</b>	<b>(11)</b>
<b>Total interest expense:</b>						
Domestic	25	(96)	(71)	1	(35)	(34)
Foreign	1	(9)	(8)	16	(15)	1
<b>Total</b>	<b>26</b>	<b>(105)</b>	<b>(79)</b>	<b>17</b>	<b>(50)</b>	<b>(33)</b>
<b>Net interest income:</b>						
Domestic	(39)	(14)	(53)	7	(39)	(32)
Foreign	(29)	(11)	(40)	53	(11)	42
<b>Total</b>	<b>(68)</b>	<b>(25)</b>	<b>(93)</b>	<b>60</b>	<b>(50)</b>	<b>10</b>

**Table of Contents****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)								
<b>Available-for-sale securities:</b>									
<b>Domestic:</b>									
Japanese government bonds	28,272	28,229	(43)	29,280	29,213	(67)	32,629	32,647	18
Agency mortgage-backed securities <sup>(1)</sup>	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
<b>Total domestic</b>	<b>35,124</b>	<b>36,382</b>	<b>1,258</b>	<b>36,417</b>	<b>37,268</b>	<b>851</b>	<b>38,898</b>	<b>39,898</b>	<b>1,000</b>
<b>Foreign:</b>									
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 <sup>(2)</sup>	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
<b>Total foreign</b>	<b>1,391</b>	<b>1,419</b>	<b>28</b>	<b>1,258</b>	<b>1,281</b>	<b>23</b>	<b>1,339</b>	<b>1,361</b>	<b>22</b>
<b>Total</b>	<b>36,515</b>	<b>37,801</b>	<b>1,286</b>	<b>37,675</b>	<b>38,549</b>	<b>874</b>	<b>40,237</b>	<b>41,259</b>	<b>1,022</b>
<b>Held-to-maturity securities:</b>									
<b>Domestic:</b>									
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	
<b>Total domestic</b>	<b>603</b>	<b>607</b>	<b>4</b>	<b>1,202</b>	<b>1,208</b>	<b>6</b>	<b>1,802</b>	<b>1,816</b>	<b>14</b>
<b>Total</b>	<b>603</b>	<b>607</b>	<b>4</b>	<b>1,202</b>	<b>1,208</b>	<b>6</b>	<b>1,802</b>	<b>1,816</b>	<b>14</b>

**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.

**Table of Contents**

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.

	One year or less		After one year through five years		Maturity After five years through ten years		After ten years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
<b>Available-for-sale securities:</b>										
<b>Domestic:</b>										
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%
<b>Total domestic</b>	<b>13,250</b>	<b>0.15%</b>	<b>19,055</b>	<b>0.27%</b>	<b>3,103</b>	<b>0.60%</b>	<b>1,739</b>	<b>1.81%</b>	<b>37,147</b>	<b>0.32%</b>
<b>Foreign:</b>										
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%
<b>Total foreign</b>	<b>485</b>	<b>3.11%</b>	<b>417</b>	<b>1.86%</b>	<b>212</b>	<b>1.19%</b>	<b>206</b>	<b>3.08%</b>	<b>1,320</b>	<b>2.42%</b>
<b>Total</b>	<b>13,735</b>	<b>0.25%</b>	<b>19,472</b>	<b>0.30%</b>	<b>3,315</b>	<b>0.63%</b>	<b>1,945</b>	<b>1.94%</b>	<b>38,467</b>	<b>0.39%</b>
<b>Held-to-maturity securities:</b>										
<b>Domestic:</b>										
Japanese government bonds		%	1,801	0.48%		%		%	1,801	0.48%
Corporate bonds and other debt securities	1	1.34%		%		%		%	1	1.34%
<b>Total domestic</b>	<b>1</b>	<b>1.34%</b>	<b>1,801</b>	<b>0.48%</b>		<b>%</b>		<b>%</b>	<b>1,802</b>	<b>0.48%</b>
<b>Total</b>	<b>1</b>	<b>1.34%</b>	<b>1,801</b>	<b>0.48%</b>		<b>%</b>		<b>%</b>	<b>1,802</b>	<b>0.48%</b>

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.

**Table of Contents****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)				
<b>Domestic:</b>					
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 <sup>(Note)</sup>	4,374	3,852	3,332	3,759	4,319
<b>Individuals:</b>					
Mortgage loans	10,791	11,067	11,093	11,436	11,191
Other	893	832	789	745	719
<b>Total domestic</b>	<b>57,459</b>	<b>61,446</b>	<b>54,578</b>	<b>54,756</b>	<b>53,977</b>
<b>Foreign:</b>					
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 <sup>(Note)</sup>	94	94	32	9	91
<b>Total foreign</b>	<b>10,869</b>	<b>11,299</b>	<b>9,283</b>	<b>10,015</b>	<b>12,102</b>
<b>Total</b>	<b>68,328</b>	<b>72,745</b>	<b>63,861</b>	<b>64,771</b>	<b>66,079</b>
<b>Less: Unearned income and deferred loan fees net</b>	<b>106</b>	<b>88</b>	<b>78</b>	<b>81</b>	<b>90</b>
<b>Total loans before allowance for loan losses</b>	<b>68,222</b>	<b>72,657</b>	<b>63,783</b>	<b>64,690</b>	<b>65,989</b>

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.

**Table of Contents***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:

	One year or less	Maturity After one year through five years (in billions of yen)	After five years	Total
<b>Domestic:</b>				
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
<b>Total domestic</b>	<b>25,418</b>	<b>15,683</b>	<b>12,876</b>	<b>53,977</b>
<b>Foreign:</b>				
<b>Total foreign</b>	<b>5,256</b>	<b>5,277</b>	<b>1,569</b>	<b>12,102</b>
<b>Total</b>	<b>30,674</b>	<b>20,960</b>	<b>14,445</b>	<b>66,079</b>

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
<b>Total</b>	<b>35,405</b>



**Table of Contents***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	297
Construction and real estate	194	396	302	265	205
Services	200	213	181	108	119
Wholesale and retail	243	160	159	177	201
Transportation and communications	126	142	139	54	53
Banks and other financial institutions	178	26	21	3	12
Other industries	1	2	1	1	4
Individuals	146	165	201	290	264
Total domestic	1,249	1,317	1,274	1,207	1,155
Foreign:					
Total foreign	46	115	130	116	155
Total impaired loans	1,295	1,432	1,404	1,323	1,310

Had interest on nonaccrual loans been accrued at the original contractual terms, gross interest income on domestic and foreign nonaccrual loans outstanding during the fiscal year ended March 31, 2012 would have been ¥28 billion and ¥5 billion, respectively. The MHFG Group recognized interest income on those domestic and foreign loans of ¥20 billion and ¥3 billion, respectively, in the consolidated statements of income for the fiscal year ended March 31, 2012.

**Table of Contents***Cross-border outstandings*

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-bearing deposits with other banks, other interest-bearing investments and any other monetary assets denominated in Japanese yen or other non-local currencies. This cross-border disclosure is based on the reports to the Bank of Japan required under Japanese foreign exchange-related law. Local currency outstandings are netted out from cross-border outstandings.

The following table sets forth the cross-border outstandings to borrowers in countries with respect to which the total of such outstandings exceeded 0.75% of consolidated total assets at March 31, 2010, 2011 and 2012:

	Public institutions	Banks	Others	Total	% of total assets	Undrawn commitments
(in billions of yen, except percentages)						
<b>2010</b>						
United States	2,548	509	1,672	4,729	2.99%	1,822
Germany	3,100	114	163	3,377	2.13%	172
France	964	288	245	1,497	0.95%	268
<b>2011</b>						
United States	2,400	432	2,121	4,953	3.06%	1,844
Germany	1,314	157	111	1,582	0.98%	159
<b>2012</b>						
United States	4,075	291	3,229	7,595	4.57%	2,265
Germany	1,669	146	137	1,952	1.17%	177

**Table of Contents****IV. Summary of loan loss experience**

The following table shows an analysis of loan loss experience by domicile and industry of borrower for the fiscal years ended March 31, 2008, 2009, 2010, 2011 and 2012:

	2008	2009	2010	2011	2012
	(in billions of yen, except percentages)				
Allowance for loan losses at beginning of fiscal year	946	650	870	880	735
Provision (credit) for loan losses	(58)	567	222	1	(23)
<b>Charge-offs:</b>					
<b>Domestic:</b>					
Manufacturing	31	39	17	20	18
Construction and real estate	12	117	56	20	7
Services	89	18	17	20	7
Wholesale and retail	41	57	48	28	14
Transportation and communications	16	12	26	59	2
Banks and other financial institutions	53	19	1	1	1
Other industries	1	1	2	1	2
Individuals	17	24	27	17	19
Total domestic	260	287	194	166	70
Total foreign	11	57	66	19	10
Total charge-offs	271	344	260	185	80
<b>Recoveries:</b>					
<b>Domestic:</b>					
Manufacturing	2	3	7	7	12
Construction and real estate	15	4	25	14	12
Services	7	2	3	5	4
Wholesale and retail	7	4	5	5	9
Transportation and communications	1	2	1	1	2
Banks and other financial institutions	4		4	1	1
Other industries		1			
Individuals	3	3	3	2	3
Total domestic	39	19	48	35	43
Total foreign	8	10	6	13	9
Total recoveries	47	29	54	48	52
Net charge-offs	224	315	206	137	28
Others <sup>(Note)</sup>	(14)	(32)	(6)	(9)	(1)
Balance at end of fiscal year	650	870	880	735	683
Ratio of net charge-offs to average loans outstanding	0.33%	0.45%	0.31%	0.22%	0.04%

Note: Others include primarily foreign exchange translation.



**Table of Contents**

The following table shows an allocation of the MHFG Group's allowance for loan losses by domicile and industry of borrower at March 31, 2008, 2009, 2010, 2011 and 2012:

	2008		2009		2010		2011		2012	
	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans	Amount	% of loans in each category to total loans
(in billions of yen, except percentages)										
Domestic:										
Manufacturing	75	11.43%	124	12.26%	165	12.63%	155	11.76%	132	11.48%
Construction and real estate	80	11.59%	157	10.54%	128	12.29%	104	11.28%	83	11.00%
Services	90	8.15%	111	7.39%	96	8.07%	55	6.62%	51	6.03%
Wholesale and retail	117	8.93%	106	8.26%	102	8.31%	103	8.20%	101	8.01%
Transportation and communications	47	4.89%	72	4.81%	95	5.07%	34	4.98%	27	4.84%
Banks and other financial institutions	74	6.37%	27	6.92%	29	6.72%	15	6.03%	20	5.30%
Other industries <sup>(Note)</sup>	4	14.69%	9	17.04%	8	13.77%	12	16.86%	12	17.00%
Individuals	119	18.04%	121	17.25%	128	18.60%	150	18.81%	127	18.03%
Mortgage loans	86	16.28%	89	15.65%	101	17.37%	120	17.66%	102	16.94%
Other	33	1.76%	32	1.60%	27	1.23%	30	1.15%	25	1.09%
Total domestic	606	84.09%	727	84.47%	751	85.46%	628	84.54%	553	81.69%
Total foreign	44	15.91%	143	15.53%	129	14.54%	107	15.46%	130	18.31%
Total allowance for loan losses	650	100.00%	870	100.00%	880	100.00%	735	100.00%	683	100.00%

Note: Other industries include government and public institutions.

**Table of Contents****V. Deposits**

The following table shows the average amount of, and the average rate on, the following deposit categories for the fiscal years ended March 31, 2010, 2011 and 2012:

	2010		2011		2012	
	Average amount	Average rate	Average amount	Average rate	Average amount	Average rate
(in billions of yen, except percentages)						
<b>Domestic offices:</b>						
Noninterest-bearing demand deposits	9,865	%	9,582	%	10,307	%
Interest-bearing demand deposits	27,744	0.04%	28,828	0.03%	29,876	0.02%
Deposits at notice (Note)	638	0.04%	668	0.03%	637	0.02%
Time deposits	29,741	0.35%	29,070	0.22%	28,154	0.16%
Certificates of deposit	8,823	0.23%	9,494	0.13%	9,807	0.11%
<b>Foreign offices:</b>						
Noninterest-bearing demand deposits	479	%	530	%	606	%
Interest-bearing deposits, principally time deposits	6,491	0.75%	6,536	0.56%	7,783	0.66%
Certificates of deposit	1,303	0.69%	1,512	0.79%	2,095	0.75%
<b>Total</b>	<b>85,084</b>	<b>0.23%</b>	<b>86,220</b>	<b>0.16%</b>	<b>89,265</b>	<b>0.15%</b>

Note: Deposits at notice represent interest-bearing demand deposits which require the depositor to give two or more days notice in advance of withdrawal.

The amounts of total deposits by foreign depositors in domestic offices at March 31, 2010, 2011 and 2012 were ¥366 billion, ¥471 billion and ¥504 billion, respectively.

At March 31, 2012, the balance and remaining maturities of time deposits and certificates of deposit issued by domestic offices in amounts of ¥10 million (approximately US\$121 thousand at the Federal Reserve Bank of New York's noon buying rate on March 31, 2012) or more as well as the balance of those deposits issued by foreign offices in amounts of US\$100,000 or more are shown in the following table:

	Time deposits	Certificates of deposit (in billions of yen)	Total
<b>Domestic offices:</b>			
Due in three months or less	7,970	8,019	15,989
Due after three months through six months	4,419	262	4,681
Due after six months through twelve months	3,426	116	3,542
Due after twelve months	1,417	1	1,418
<b>Total</b>	<b>17,232</b>	<b>8,398</b>	<b>25,630</b>
<b>Foreign offices</b>	<b>6,420</b>	<b>3,427</b>	<b>9,847</b>
<b>Total</b>	<b>23,652</b>	<b>11,825</b>	<b>35,477</b>

**Table of Contents****VI. Short-term borrowings**

The following table shows certain additional information with respect to the MHFG Group's short-term borrowings for the fiscal years ended March 31, 2010, 2011 and 2012:

	2010	2011	2012
	(in billions of yen, except percentages)		
<b>Due to trust accounts:</b>			
Average balance outstanding during the fiscal year	1,041	781	610
Maximum balance outstanding at any month-end during the fiscal year	1,304	678	651
Balance at end of fiscal year	1,025	629	560
Weighted average interest rate during the fiscal year	0.47%	0.23%	0.25%
Weighted average interest rate on balance at end of fiscal year	0.43%	0.20%	0.16%
<b>Call money and funds purchased, and payables under repurchase agreements and securities lending transactions:</b>			
Average balance outstanding during the fiscal year	25,119	25,581	26,066
Maximum balance outstanding at any month-end during the fiscal year	27,347	26,757	28,846
Balance at end of fiscal year	24,687	22,201	25,683
Weighted average interest rate during the fiscal year	0.23%	0.28%	0.21%
Weighted average interest rate on balance at end of fiscal year	0.14%	0.22%	0.18%
<b>Commercial paper and other short-term borrowings:</b>			
Average balance outstanding during the fiscal year	9,215	8,220	12,163
Maximum balance outstanding at any month-end during the fiscal year	9,930	15,151	13,950
Balance at end of fiscal year	9,046	15,151	13,950
Weighted average interest rate during the fiscal year	0.22%	0.15%	0.16%
Weighted average interest rate on balance at end of fiscal year	0.15%	0.16%	0.14%

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC.**

**Index to Consolidated Financial Statements**

	<b>Page</b>
Consolidated Financial Statements of Mizuho Financial Group, Inc. and Subsidiaries	
<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Balance Sheets as of March 31, 2011 and 2012</u>	F-4
<u>Consolidated Statements of Income for the fiscal years ended March 31, 2010, 2011 and 2012</u>	F-6
<u>Consolidated Statements of Comprehensive Income for the fiscal years ended March 31, 2010, 2011 and 2012</u>	F-7
<u>Consolidated Statements of Equity for the fiscal years ended March 31, 2010, 2011 and 2012</u>	F-8
<u>Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2010, 2011 and 2012</u>	F-10
<u>Notes to Consolidated Financial Statements</u>	F-12



**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders

Of Mizuho Financial Group, Inc.

We have audited the accompanying consolidated balance sheets of Mizuho Financial Group, Inc. and subsidiaries (the Company) as of March 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended March 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mizuho Financial Group, Inc. and subsidiaries at March 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 23, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young ShinNihon LLC

Tokyo, Japan

July 23, 2012

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of Mizuho Financial Group, Inc.

We have audited Mizuho Financial Group, Inc. and subsidiaries (the Company) internal control over financial reporting as of March 31, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition use, or disposition of the company's 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 control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Mizuho Financial Group, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of March 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Mizuho Financial Group, Inc. and subsidiaries as of March 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended March 31, 2012 and our report dated July 23, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young ShinNihon LLC

Tokyo, Japan

July 23, 2012

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****MARCH 31, 2011 AND 2012**

	<b>2011</b>	<b>2012</b>
	<b>(in millions of yen)</b>	
<b>Assets:</b>		
Cash and due from banks (Note 9)	1,884,531	1,216,627
Interest-bearing deposits in other banks (Note 9)	8,239,661	6,146,850
Call loans and funds sold	382,279	249,032
Receivables under resale agreements	7,467,557	7,122,371
Receivables under securities borrowing transactions	6,541,512	6,406,410
Trading account assets (including assets pledged that secured parties are permitted to sell or repledge of ¥6,488,316 million in 2011 and ¥8,647,283 million in 2012) (Notes 9 and 29)	28,105,899	30,945,553
Investments (Notes 4, 9 and 29):		
Available-for-sale securities (including assets pledged that secured parties are permitted to sell or repledge of ¥2,713,538 million in 2011 and ¥4,282,265 million in 2012)	38,548,941	41,258,976
Held-to-maturity securities	1,202,123	1,801,615
Other investments	952,576	982,889
Loans (Notes 5, 6, 9 and 29)	64,689,814	65,989,062
Allowance for loan losses	(734,530)	(682,692)
Loans, net of allowance	63,955,284	65,306,370
Premises and equipment net (Note 7)	1,114,204	1,104,869
Due from customers on acceptances	73,909	77,326
Accrued income	237,791	246,164
Goodwill (Note 8)	7,610	5,635
Intangible assets (Notes 3 and 8)	75,767	70,300
Deferred tax assets (Note 20)	854,477	836,731
Other assets (Notes 5, 9, 14, 21 and 29)	2,341,549	2,583,915
Total assets	161,985,670	166,361,633

The following table presents certain assets of consolidated VIEs, which are included in the consolidated balance sheets above. The assets in the table below include only those assets that can be used to settle obligations of consolidated VIEs on the following page, and are in excess of those obligations.

	<b>2011</b>	<b>2012</b>
	<b>(in millions of yen)</b>	
<b>Assets of consolidated VIEs:</b>		
Cash and due from banks	3,731	13,432
Interest-bearing deposits in other banks	41,603	24,238
Trading account assets	738,888	867,796
Investments	271,559	195,631
Loans, net of allowance	2,411,836	2,444,931
Other	82,797	191,098
Total assets	3,550,414	3,737,126

See the accompanying Notes to the Consolidated Financial Statements.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS (Continued)****MARCH 31, 2011 AND 2012**

	2011	2012
	(in millions of yen)	
<b>Liabilities and equity:</b>		
Deposits (Notes 9 and 10):		
Domestic:		
Noninterest-bearing deposits	12,231,712	11,357,317
Interest-bearing deposits	67,631,781	68,669,820
Foreign:		
Noninterest-bearing deposits	580,956	611,532
Interest-bearing deposits	8,771,178	10,595,711
Debentures (Note 11)	740,933	
Due to trust accounts (Note 12)	629,396	559,734
Call money and funds purchased	5,095,412	5,668,929
Payables under repurchase agreements	11,498,128	12,173,398
Payables under securities lending transactions	5,607,534	7,840,571
Commercial paper	202,256	212,732
Other short-term borrowings	14,948,691	13,737,238
Trading account liabilities (Note 29)	16,696,406	16,977,390
Bank acceptances outstanding	73,909	77,326
Income taxes payable (Note 20)	15,992	33,587
Deferred tax liabilities (Note 20)	12,860	15,853
Accrued expenses	180,785	176,891
Long-term debt (including liabilities accounted for at fair value of ¥441,425 million in 2011, and ¥460,825 million in 2012) (Notes 13 and 29)	8,953,496	8,461,818
Other liabilities (Notes 14, 21, 24 and 29)	4,078,889	4,544,762
<b>Total liabilities</b>	<b>157,950,314</b>	<b>161,714,609</b>
Commitments and contingencies (Note 24)		
<b>Equity:</b>		
MHFG shareholders' equity:		
Preferred stock (Note 15)	453,576	410,368
Common stock (Note 16) no par value, authorized 24,115,759,000 shares in 2011, and 48,000,000,000 shares in 2012, and issued 21,782,185,320 shares in 2011, and 24,048,165,727 shares in 2012	5,164,160	5,427,992
Accumulated deficit	(2,046,024)	(1,606,108)
Accumulated other comprehensive income, net of tax	104,972	245,588
Less: Treasury stock, at cost Common stock 5,656,647 shares in 2011, and 37,046,418 shares in 2012	(3,197)	(7,074)
Total MHFG shareholders' equity	3,673,487	4,470,766
Noncontrolling interests (Note 25)	361,869	176,258
<b>Total equity</b>	<b>4,035,356</b>	<b>4,647,024</b>
<b>Total liabilities and equity</b>	<b>161,985,670</b>	<b>166,361,633</b>

The following table presents certain liabilities of consolidated VIEs, which are included in the consolidated balance sheets above. The creditors or investors of the consolidated VIEs have no recourse to the MHFG Group, except where the Group provides credit enhancement through guarantees or other means.

	2011	2012
	(in millions of yen)	
<b>Liabilities of consolidated VIEs:</b>		
Commercial paper	172,256	212,732
Other short-term borrowings	1,285	1,213
Trading account liabilities	11,573	3,563
Long-term debt	247,233	180,441
Other	833,094	879,638
<b>Total liabilities</b>	<b>1,265,441</b>	<b>1,277,587</b>

See the accompanying Notes to the Consolidated Financial Statements.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****FOR THE FISCAL YEARS ENDED MARCH 31, 2010, 2011 AND 2012**

	2010	2011	2012
	(in millions of yen)		
<b>Interest and dividend income:</b>			
Loans, including fees (Note 5)	1,093,463	945,784	936,574
<b>Investments:</b>			
Interest	203,744	174,538	170,651
Dividends	74,226	73,573	71,579
Trading account assets	204,088	203,817	193,288
Call loans and funds sold	3,432	4,960	6,601
Receivables under resale agreements and securities borrowing transactions	44,147	48,903	39,684
Deposits	9,182	8,609	18,709
<b>Total interest and dividend income</b>	<b>1,632,282</b>	<b>1,460,184</b>	<b>1,437,086</b>
<b>Interest expense:</b>			
Deposits	195,543	134,495	131,140
Debentures	11,960	6,533	385
Trading account liabilities	30,743	31,370	28,436
Call money and funds purchased	10,948	8,522	8,604
Payables under repurchase agreements and securities lending transactions	46,104	62,622	47,114
Other short-term borrowings	24,958	14,499	20,481
Long-term debt	207,903	190,816	179,799
<b>Total interest expense</b>	<b>528,159</b>	<b>448,857</b>	<b>415,959</b>
<b>Net interest income</b>	<b>1,104,123</b>	<b>1,011,327</b>	<b>1,021,127</b>
Provision (credit) for loan losses (Notes 5 and 6)	222,102	647	(23,044)
<b>Net interest income after provision (credit) for loan losses</b>	<b>882,021</b>	<b>1,010,680</b>	<b>1,044,171</b>
<b>Noninterest income:</b>			
Fees and commissions (Note 27)	586,408	582,100	575,413
Foreign exchange gains (losses) net (Note 28)	(1,311)	55,998	98,054
Trading account gains (losses) net (Note 28)	421,593	206,016	333,315
Investment gains (losses) net (Note 4)	66,763	70,468	(32,991)
Gains on disposal of premises and equipment	27,543	13,537	19,924
Other noninterest income (Notes 3, 23 and 31)	229,851	108,413	96,420
<b>Total noninterest income</b>	<b>1,330,847</b>	<b>1,036,532</b>	<b>1,090,135</b>
<b>Noninterest expenses:</b>			
Salaries and employee benefits (Note 21)	592,520	552,348	587,332
General and administrative expenses	496,987	500,369	477,512
Impairment of goodwill (Note 8)		9,379	5,637
Occupancy expenses	172,160	169,916	174,788
Fees and commission expenses	91,621	96,113	107,898
Provision (credit) for losses on off-balance-sheet instruments (Note 24)	(24,107)	4,443	(1,203)
Other noninterest expenses (Notes 5, 23 and 31)	197,232	103,287	119,507
<b>Total noninterest expenses</b>	<b>1,526,413</b>	<b>1,435,855</b>	<b>1,471,471</b>

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Income before income tax expense (benefit)	686,455	611,357	662,835
Income tax expense (benefit) (Note 20)	(360,195)	193,227	13,878
Net income	1,046,650	418,130	648,957
Less: Net income (loss) attributable to noncontrolling interests	46,961	5,461	(7,432)
Net income attributable to MHFG shareholders	999,689	412,669	656,389
<b>Earnings per common share (Note 19):</b>		<b>(in yen)</b>	
Basic net income per common share	70.55	20.44	28.07
Diluted net income per common share	61.64	19.22	26.78

See the accompanying Notes to the Consolidated Financial Statements.



**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2010, 2011 AND 2012**

	2010	2011	2012
	(in millions of yen)		
Net income	1,046,650	418,130	648,957
Other comprehensive income (loss), net of tax:			
Unrealized net gains (losses) on available-for-sale securities, net of tax (Notes 4 and 20):			
Unrealized holding gains (losses)	604,156	(189,526)	78,037
Less: reclassification adjustments for losses (gains) included in net income <sup>(Note below)</sup>	(82,791)	(48,036)	27,248
Total	521,365	(237,562)	105,285
Foreign currency translation adjustments, net of tax:			
Foreign currency translation adjustments	17,269	(20,257)	(9,740)
Less: reclassification adjustments for losses (gains) included in net income		2,860	1,926
Total	17,269	(17,397)	(7,814)
Pension liability adjustments, net of tax (Notes 20 and 21):			
Unrealized gains (losses)	187,485	(87,891)	23,395
Less: reclassification adjustments for losses (gains) included in net income	22,691	9,079	16,292
Total	210,176	(78,812)	39,687
Total other comprehensive income (loss), net of tax	748,810	(333,771)	137,158
Total comprehensive income	1,795,460	84,359	786,115
Less: Total comprehensive income (loss) attributable to noncontrolling interests	68,952	(3,723)	(10,570)
Total comprehensive income attributable to MHFG shareholders	1,726,508	88,082	796,685

Note: The amounts for the fiscal years ended March 31, 2011 and 2012 are presented based on the balances of Accumulated other comprehensive income (loss) ( AOCI ) at the point of its realization into earnings. The amount for the fiscal year ended March 31, 2010, which was previously presented based on the beginning balance of AOCI, is presented in the same manner to conform to the current year presentation.

See the accompanying Notes to the Consolidated Financial Statements.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF EQUITY****FOR THE FISCAL YEARS ENDED MARCH 31, 2010, 2011 AND 2012**

	2010	2011 (in millions of yen)	2012
<b>Preferred stock (Note 15):</b>			
Balance at beginning of fiscal year	948,641	535,971	453,576
Change during year	(412,670)	(82,395)	(43,208)
Balance at end of fiscal year	535,971	453,576	410,368
<b>Common stock (Note 16):</b>			
Balance at beginning of fiscal year, previously reported	3,386,792	4,324,705	5,164,160
Cumulative effect of change in accounting principles (Notes 2 and 26)		334	
Balance at beginning of fiscal year, adjusted	3,386,792	4,325,039	5,164,160
Issuance of new shares of common stock	533,794	757,790	
Issuance of new shares of common stock for stock exchanges (Note 16)			244,100
Issuance of new shares of common stock by conversion of preferred stock	412,670	82,395	43,208
Gains (losses) on disposal of treasury stock	(662)	(1,315)	(48)
Stock-based compensation (Note 22)	1,114	452	106
Change in ownership interest in consolidated subsidiaries	(9,003)	(201)	(23,534)
Balance at end of fiscal year	4,324,705	5,164,160	5,427,992
<b>Accumulated deficit:</b>			
Balance at beginning of fiscal year, previously reported	(3,293,692)	(2,325,109)	(2,046,024)
Cumulative effect of change in accounting principles, net of tax (Notes 2, 4 and 26)	99,910	1,382	
Balance at beginning of fiscal year, adjusted	(3,193,782)	(2,323,727)	(2,046,024)
Net income	999,689	412,669	656,389
Dividends declared	(131,016)	(134,966)	(216,473)
Balance at end of fiscal year	(2,325,109)	(2,046,024)	(1,606,108)
<b>Accumulated other comprehensive income, net of tax:</b>			
Unrealized net gains on available-for-sale securities (Note 4):			
Balance at beginning of fiscal year, previously reported	348,789	755,010	514,128
Cumulative effect of change in accounting principles (Notes 2, 4 and 26)	(99,910)	(6,273)	
Balance at beginning of fiscal year, adjusted	248,879	748,737	514,128
Change during year	506,131	(234,609)	114,508
Balance at end of fiscal year	755,010	514,128	628,636
Foreign currency translation adjustments:			
Balance at beginning of fiscal year	(166,575)	(150,204)	(165,028)
Change during year	16,371	(14,824)	(4,853)
Balance at end of fiscal year	(150,204)	(165,028)	(169,881)
Pension liability adjustments (Note 21):			
Balance at beginning of fiscal year	(371,690)	(168,974)	(244,128)

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Change during year	202,716	(75,154)	30,961
Balance at end of fiscal year	(168,974)	(244,128)	(213,167)
Balance at end of fiscal year	435,832	104,972	245,588

See the accompanying Notes to the Consolidated Financial Statements.

F-8

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF EQUITY (Continued)****FOR THE FISCAL YEARS ENDED MARCH 31, 2010, 2011 AND 2012**

	2010	2011	2012
	(in millions of yen)		
<b>Treasury stock, at cost:</b>			
Balance at beginning of fiscal year	(6,218)	(5,184)	(3,197)
Purchases of treasury stock	(5)	(3)	(2,560)
Disposal of treasury stock	1,039	1,990	12,001
Effect of stock exchanges (Note 16)			(13,318)
Balance at end of fiscal year	(5,184)	(3,197)	(7,074)
Total MHFG shareholders' equity	2,966,215	3,673,487	4,470,766
<b>Noncontrolling interests:</b>			
Balance at beginning of fiscal year, previously reported	191,133	365,803	361,869
Cumulative effect of change in accounting principles (Notes 2 and 26)		(366)	
Balance at beginning of fiscal year, adjusted	191,133	365,437	361,869
Effect of business combination (Note 3)	151,584		
Effect of stock exchanges (Note 16)			(216,558)
Effect of other increase/decrease in consolidated subsidiaries	(40,204)	6,519	65,183
Dividends paid to noncontrolling interests	(5,662)	(6,364)	(23,666)
Net income (loss) attributable to noncontrolling interests	46,961	5,461	(7,432)
Unrealized net gains on available-for-sale securities attributable to noncontrolling interests	15,234	(2,953)	(2,044)
Foreign currency translation adjustments attributable to noncontrolling interests	(1,144)	(2,573)	(1,353)
Pension liability adjustments attributable to noncontrolling interests	7,901	(3,658)	259
Balance at end of fiscal year	365,803	361,869	176,258
Total equity	3,332,018	4,035,356	4,647,024

See the accompanying Notes to the Consolidated Financial Statements.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE FISCAL YEARS ENDED MARCH 31, 2010, 2011 AND 2012**

	2010	2011 (in millions of yen)	2012
<b>Cash flows from operating activities:</b>			
Net income	1,046,650	418,130	648,957
Less: Net income (loss) attributable to noncontrolling interests	46,961	5,461	(7,432)
Net income attributable to MHFG shareholders	999,689	412,669	656,389
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	156,393	167,420	165,721
Provision (credit) for loan losses	222,102	647	(23,044)
Investment losses (gains) net	(66,763)	(70,468)	32,991
Foreign exchange losses (gains) net	(26,236)	(66,988)	(5,747)
Deferred income tax expense (benefit)	(377,308)	174,864	(40,939)
Net change in trading account assets	458,239	2,783,405	(2,953,353)
Net change in trading account liabilities	(2,679,240)	(2,417,969)	329,761
Net change in loans held for sale	7,294	30,598	3,860
Net change in accrued income	38,118	23,655	(9,321)
Net change in accrued expenses	(13,462)	(24,702)	15,286
Other net	267,222	(61,319)	38,965
Net cash provided by (used in) operating activities	(1,013,952)	951,812	(1,789,431)
<b>Cash flows from investing activities:</b>			
Proceeds from sales of available-for-sale securities	39,430,098	56,773,936	69,308,391
Proceeds from maturities of available-for-sale securities	12,558,894	15,421,495	15,078,586
Purchases of available-for-sale securities	(62,815,825)	(72,409,981)	(86,690,246)
Proceeds from maturities of held-to-maturity securities	180,497	1,405	502
Purchases of held-to-maturity securities	(602,036)	(600,296)	(600,186)
Proceeds from sales of other investments	26,704	122,478	351,016
Purchases of other investments	(120,662)	(110,066)	(206,232)
Proceeds from sales of loans	367,069	246,633	224,957
Net change in loans	8,327,521	(1,742,702)	(1,703,880)
Net change in interest-bearing deposits in other banks	1,063,622	(6,438,858)	2,074,843
Net change in call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	(718,570)	(1,522,389)	480,641
Proceeds from sales of premises and equipment	15,819	2,108	13,231
Purchases of premises and equipment	(255,596)	(214,447)	(174,517)
Cash and due from banks acquired in business combination (Note 3)	118,703		
Net cash used in investing activities	(2,423,762)	(10,470,684)	(1,842,893)
<b>Cash flows from financing activities:</b>			
Net change in deposits	(221,970)	3,190,397	2,109,866
Net change in debentures	(782,662)	(776,865)	(740,933)
Net change in call money and funds purchased, and payables under repurchase agreements and securities lending transactions	4,260,291	(1,552,577)	3,594,469
Net change in due to trust accounts	39,283	18,882	(69,662)
Net change in commercial paper and other short-term borrowings	(6,527)	6,131,912	(1,261,955)
Proceeds from issuance of long-term debt	1,582,902	1,167,647	1,052,849
Repayment of long-term debt	(1,150,366)	(778,791)	(1,479,148)
Proceeds from noncontrolling interests	1,516	2,320	627
Payment to noncontrolling interests	(15,459)	(577)	(107)
Proceeds from issuance of common stock	533,794	757,790	5

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Proceeds from sales of treasury stock	4	4	1,961
Purchases of treasury stock	(5)	(3)	(2,560)
Dividends paid	(130,297)	(133,925)	(215,902)
Dividends paid to noncontrolling interests	(5,662)	(6,364)	(23,666)
Net cash provided by financing activities	4,104,842	8,019,850	2,965,844
Effect of exchange rate changes on cash and due from banks	(581)	(15,906)	(1,424)
Net increase (decrease) in cash and due from banks	666,547	(1,514,928)	(667,904)
Cash and due from banks at beginning of fiscal year	2,732,912	3,399,459	1,884,531
Cash and due from banks at end of fiscal year	3,399,459	1,884,531	1,216,627

See the accompanying Notes to the Consolidated Financial Statements.

F-10

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)****FOR THE FISCAL YEARS ENDED MARCH 31, 2010, 2011 AND 2012**

	2010	2011	2012
	(in millions of yen)		
<b>Supplemental disclosure of cash flow information:</b>			
Interest paid	518,937	462,907	427,104
Income taxes paid (refunded), net	(54,885)	25,283	40,211
Noncash investing activities:			
Transfer from loans into other investments	2,222		1,351
Investment in capital leases	6,763	11,153	2,985
Noncash assets acquired and liabilities assumed at fair value in business combination (Note 3):			
Noncash assets acquired at fair value	2,200,521		
Noncash liabilities assumed at fair value	2,025,753		
Noncash acquisition of noncontrolling interests in stock exchanges (Note 16)			216,558

See the accompanying Notes to the Consolidated Financial Statements.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****1. Basis of presentation and summary of significant accounting policies***Basis of presentation*

Mizuho Financial Group, Inc. ( MHFG ) is a joint stock corporation with limited liability under the laws of Japan. MHFG, through its subsidiaries ( the MHFG Group , or the Group ), provides domestic and international financial services in Japan and other countries. MHFG's subsidiaries are segmented on the basis of the nature of the financial products and services and the type of customers. Mizuho Bank, Ltd. ( MHBK ), a retail-oriented banking subsidiary, offers financial services mainly to individual customers, small and medium enterprises ( SMEs ), middle-market corporations and local governmental entities in Japan. Mizuho Corporate Bank, Ltd. ( MHCB ), a wholesale banking subsidiary, offers various financial services to large Japanese corporations, financial institutions, public sector entities and foreign corporations. Mizuho Trust & Banking Co., Ltd. ( MHTB ), a trust bank subsidiary, offers mainly trust-related products and consulting services. Other major subsidiaries include Mizuho Securities Co., Ltd. ( MHSC ), Trust & Custody Services Bank, Ltd. ( TCSB ), Mizuho Investors Securities Co., Ltd. ( MHIS ), Mizuho Capital Co., Ltd., and Mizuho Business Financial Center Co., Ltd. See Note 31 Business segment information for further discussion of the Group's segment information.

The accompanying consolidated financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America ( U.S. GAAP ). The consolidated financial statements are stated in Japanese yen, the currency of the country in which MHFG is incorporated and principally operates.

The accompanying consolidated financial statements include the accounts of MHFG and its subsidiaries. The consolidated financial statements also include the accounts of the variable interest entities ( VIEs ) for which MHFG or its subsidiaries have been determined to be the primary beneficiary under the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ) 810, Consolidation ( ASC 810 ). All significant intercompany transactions and balances have been eliminated in consolidation. The MHFG Group accounts for investments in entities over which it has significant influence using the equity method of accounting. These investments are included in Other investments and the Group's proportionate share of income or loss is included in Investment gains (losses) net.

*Use of estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Specific areas, among others, requiring the application of management's estimates and judgment include assumptions pertaining to the allowance for loan losses, allowance for losses on off-balance-sheet instruments, deferred tax assets, derivative financial instruments, investments and pension and other employee benefits. Actual results could differ from estimates and assumptions made.

*Definition of cash and due from banks*

For purposes of the consolidated statements of cash flows, Cash and due from banks include cash on hand, cash items in the process of collection and noninterest-bearing deposits with banks.

*Translation of foreign currency financial statements and foreign currency transactions*

Financial statements of overseas entities are prepared using the functional currency of each entity and translated into Japanese yen for consolidation purposes. Assets and liabilities are translated using the fiscal-year-end exchange rate of each functional currency, and income and expense using the average rate of each functional currency for the period.



---

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Foreign currency translation gains and losses related to the financial statements of overseas entities of the MHFG Group, net of related income tax effects, are credited or charged directly to Foreign currency translation adjustments, a component of Accumulated other comprehensive income (loss), net of tax. Tax effects of gains and losses on foreign currency translation of financial statements of overseas entities are not recognized unless it is apparent that the temporary differences will reverse in the foreseeable future.

Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the fiscal-year-end foreign exchange rates, and gains and losses resulting from such translation are included in Foreign exchange gains (losses) net, as appropriate. Foreign currency denominated income and expenses are translated using average exchange rates for the period.

*Call loans and call money*

Call loans and call money represent lending/borrowing through the Japanese short-term money market to/from other financial institutions such as banks, insurance companies, and securities brokerage houses.

*Repurchase and resale agreements, securities lending and borrowing and other secured financing transactions*

Securities sold under agreements to repurchase ( repurchase agreements ), securities purchased under agreements to resell ( resale agreements ) and securities lending and borrowing transactions are accounted for as secured financing or lending transactions when control over the underlying securities is not deemed to be surrendered by the transferor. Otherwise, they are recorded as sales of securities with related forward repurchase commitments or purchases of securities with related forward resale commitments in accordance with ASC 860, Transfers and Servicing ( ASC 860 ).

Repurchase transactions where the maturity of the security transferred as collateral matches the maturity of the repurchase agreements ( repo-to-maturity transactions ) are accounted for as sales rather than collateralized financings where the criteria for derecognition of the securities transferred under ASC 860 are met. The amounts of securities derecognized from the consolidated balance sheets under repo-to-maturity transactions as of March 31, 2011 and 2012 were ¥ 616,861 million and ¥ 33,070 million, respectively. Except for those repo-to-maturity transactions, there were no such transactions accounted for as sales.

Under resale agreements, securities borrowing and certain derivatives transactions, the MHFG Group receives collateral in the form of securities. In many cases, the MHFG Group is permitted to sell or repledge the securities obtained as collateral. Disclosures of such collateral are presented in Note 9 Pledged assets and collateral . With respect to securities lending, repurchase agreements, and certain derivative transactions, counterparties may have the right to sell or repledge securities that the MHFG Group has pledged as collateral. The MHFG Group separately discloses those pledged securities in the consolidated balance sheets.

The MHFG Group monitors credit exposure arising from resale agreements, repurchase agreements, securities borrowing and securities lending transactions on a daily basis, and additional collateral is obtained from or returned to counterparties as appropriate.

*Trading securities and trading securities sold, not yet purchased*

Trading securities consist of securities and money market instruments that are bought and held principally for the purpose of reselling in the near term with the objective of generating profits on short-term fluctuations in price. Trading securities sold, not yet purchased, are securities and money market instruments sold to third parties that

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

the MHFG Group does not own and is obligated to purchase at a later date to cover the short position. Trading securities and trading securities sold, not yet purchased, are classified at the date of commitment or purchase. Trading securities and trading securities sold, not yet purchased, are recorded at fair value in the consolidated balance sheets in Trading account assets and Trading account liabilities with realized and unrealized gains and losses recorded on a trade date basis in Trading account gains net in earnings. Interest and dividends on trading account debt and equity securities, including securities sold, not yet purchased, are recorded in Interest and dividend income or Interest expense on an accrual basis.

*Investments*

Debt securities that the MHFG Group has both the positive intent and ability to hold to maturity are classified as Held-to-maturity securities and carried at amortized cost. Debt securities that the MHFG Group may not hold to maturity as well as any marketable equity securities, other than those classified as trading account securities, are classified as Available-for-sale securities, and are carried at fair value, with unrealized gains and losses reported in Accumulated other comprehensive income (loss), net of tax.

Prior to April 1, 2009, declines in the fair value of Held-to-maturity and Available-for-sale securities below their amortized cost, that were deemed to be other-than-temporary, were all reported in Investment gains (losses) net. Effective April 1, 2009, the MHFG Group adopted new accounting guidance for impairments of debt securities that are deemed to be other-than-temporary. Under the new impairment model, the credit component of an other-than-temporary impairment of a debt security is reported in Investment gains (losses) net and the noncredit component is reported in Other comprehensive income (loss). See Note 4 Investments for further discussion of impairment. Interest and dividends, as well as amortization of premiums and accretion of discounts, are reported in Interest and dividend income. Amortization of premiums and accretion of discounts on debt securities are recognized over the remaining maturity under the interest method. Gains and losses on disposition of investments are computed using the first-in first-out method for debt securities and the average method for equity securities, and are recorded on the trade date.

Other investments include marketable and non-marketable equity securities accounted for using the equity method, marketable and non-marketable investments held by consolidated investment companies which are held at fair value under specialized industry accounting principles for investment companies, and other non-marketable equity securities carried at cost, less other-than-temporary impairment, if any.

*Derivative financial instruments*

Derivative financial instruments are bought and held principally for the purpose of market making for customers, proprietary trading in order to generate trading revenues and fee income, and also to manage the MHFG Group's exposure to interest rate, credit and market risks related to asset and liability management. Such derivative financial instruments include interest rate, foreign currency, equity, commodity and credit default swap agreements, options, caps and floors, and financial futures and forward contracts.

Derivatives bought and held for trading purposes are recorded in the consolidated balance sheets at fair value in Trading account assets and Trading account liabilities. The fair value of derivatives in a gain position and a loss position are reported as Trading account assets and Trading account liabilities, respectively.

Derivatives used for asset and liability management include contracts that qualify for hedge accounting under ASC 815, Derivatives and Hedging (ASC 815). To be eligible for hedge accounting, derivative instruments must be highly effective in achieving offsetting changes in fair values or variable cash flows from the hedged items attributable to the particular risk being hedged. All qualifying hedging derivatives are valued at fair value.

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

and included in Trading account assets or Trading account liabilities. Derivatives that do not qualify for hedge accounting under ASC 815 are treated as trading positions and are accounted for as such. The fair value amounts recognized for such derivatives are not offset against the amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under master netting agreement with the same counterparty.

The fair value of derivative financial instruments is based on quoted market prices or broker-dealer quotes. If quoted market prices or broker-dealer quotes are not available, the fair value is estimated using quoted market prices for similar instruments, option or binomial pricing models or present value cash flow analysis, applying current observable market information, where available. The determination of fair value includes various factors such as exchange or over-the-counter market quotes, time value and volatility factors for options and warrants, observed prices for similar or synthetic instruments, and counterparty credit quality including potential exposure.

Changes in fair value of all derivatives are recorded in earnings, except for derivatives qualifying as net investment hedges under ASC 815 which are recorded in Accumulated other comprehensive income (loss), net of tax. The fair value changes of all derivatives relating to foreign currency exchange rates are included in Foreign exchange gains (losses) net and Trading account gains (losses) net. Other elements of the fair value changes, including interest rate, equity and credit related components except that of certain credit derivatives hedging the credit risk in corporate loan portfolio, are recognized in Trading account gains (losses) net. The net gain (loss) resulting from changes in the fair values of certain credit derivatives where the Group purchases protection to mitigate its credit risk exposure related to its corporate loan portfolio is recorded in Other noninterest income (expenses).

Certain financial and hybrid instruments often contain embedded derivative instruments that possess implicit or explicit contract terms in a manner similar to that of a derivative instrument. Such derivative instruments are required to be fair-valued separately from the host contracts if they meet the criteria of an embedded derivative. Such criteria include whether the entire instrument is not marked to market through earnings, the economic characteristics and risks of the embedded terms are not clearly and closely related to those of the host contract and the embedded terms would meet the definition of a derivative on a stand-alone basis.

*Loans*

Loans are generally carried at the principal amount adjusted for unearned income and deferred net nonrefundable loan fees and costs. Loan origination fees, net of certain direct origination costs are deferred and recognized over the contractual life of the loan as an adjustment of yield using a method that approximates the interest method. Interest income on performing loans is accrued and credited to income as it is earned. Unearned income and discounts or premiums on purchased loans are deferred and recognized over the life of the loan using a method that approximates the interest method.

Loans are considered impaired when, based on current information and events, it is probable that the MHFG Group will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loan. Factors considered by management in determining if a loan is impaired include delinquency status and the ability of the debtor to make payment of the principal and interest when due. Impaired loans include loans past due for 90 days or more and restructured loans that meet the definition of troubled debt restructuring ( TDR ) in accordance with ASC 310 Receivables ( ASC 310 ).

All of the MHFG Group s impaired loans are designated as nonaccrual loans and thus interest accrual and amortization of net origination fees are suspended and capitalized interest is written off. Cash received on nonaccrual loans is accounted for as reduction of the loan principal if the ultimate collectibility of the principal amount is uncertain, otherwise, as interest income. Loans are not restored to accrual status until interest and

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

principal payments are current and future payments are reasonably assured. Loans restructured in TDR, in general, return to non-impaired loans, as well as accrual status, when the MHFG Group determines 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 the Group's internal rating system. See Note 5 Loans for the definitions of obligor ratings.

Loans that have been identified to be sold are classified as loans held for sale within Other assets and are accounted for at the lower of cost or fair value. If management decides to retain certain loans held for sale for the foreseeable future or until maturity or payoff, such items are transferred to Loans at the lower of cost or fair value.

*Securitization*

The MHFG Group engages in securitization activities related to mortgage loans and other loans in the normal course of business. The MHFG Group records a loan securitization as a sale when the transferred loans are legally isolated from the Group's creditors and the accounting criteria for a sale are met in accordance with ASC 860. Otherwise, the transfer is accounted for as a collateralized borrowing.

*Allowance and provision (credit) for loan losses*

The MHFG Group maintains an appropriate amount of allowance for loan losses to absorb probable losses inherent in the loan portfolio and makes adjustments to such allowance through Provision (credit) for loan losses in the consolidated statements of income. Loan principal that management judges to be uncollectible, based on detailed loan reviews and a credit quality assessment, is charged off against allowance for loan losses. In general, the MHFG Group charges off loans when the Group determines the debtor as substantially bankrupt or bankrupt. See Note 5 Loans for the definitions of obligor categories. Obligors classified in the retail portfolio segment are generally determined to be substantially bankrupt when they are past due for more than six months, and as for other obligors, the Group separately monitors the credit quality of each obligor without using time-based triggers. Subsequent recoveries of previously charged-off loan balances are recorded as an increase to the allowance for loan losses as the recoveries are received.

The credit quality review process and the credit rating process serve as the basis for determining the allowance for loan losses. Through such processes loans are categorized into groups to reflect the probability of default, whereby the MHFG Group's management assesses the ability of borrowers to service their debt, taking into consideration current financial information, ability to generate cash, historical payment experience, analysis of relevant industry segments and current trends. In determining the appropriate level of the allowance, the MHFG Group evaluates the probable loss by category of loan based on its risk type and characteristics.

The allowance for loan losses is determined in accordance with ASC 310 and ASC 450, Contingencies (ASC 450). The MHFG Group measures the impairment of a loan when it is probable that the Group will be unable to collect all amounts due according to the contractual terms of the loan agreement, based either on (1) the present value of expected future cash flows, after considering restructuring effect and subsequent payment default with respect to TDRs, discounted at the loan's initial effective interest rate, (2) the loan's observable market price, or (3) the fair value of the collateral if the loan is collateral dependent. The collateral that the Group obtains for loans consists primarily of real estate or listed securities. In obtaining the collateral, the Group evaluates the value of the collateral and its legal enforceability. The Group also conducts subsequent re-evaluations at least once a year. As to real estate, valuation is generally conducted by an appraising subsidiary which is independent from the Group's loan origination sections using generally accepted valuation techniques

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

such as (1) the replacement cost approach, (2) the sales comparison approach or (3) the income approach. In the case of large real estate collateral, the Group generally retains third-party appraisers to conduct the valuation. As to listed securities, observable market prices are used for valuation.

The formula allowance is applied to groups of small balance, homogeneous loans that are collectively evaluated for impairment and for non-homogeneous loans that have not been identified as impaired. The evaluation of inherent loss for these loans involves a high degree of uncertainty, subjectivity and judgment because probable loan losses are not easily identifiable or measurable. In determining the formula allowance, the MHFG Group therefore relies on a statistical analysis that incorporates loss rates based on its own historical loss experience and third party data such as the number of corporate default cases which is updated once a year. In determining the allowance amount, the Group analyzes (1) the probability of default: (a) through the most recently available data for the past six years, in the case of normal obligors; and (b) through the most recently available data since April 2002, which is when MHBK and MHCB were newly formed, in the case of watch obligors; and (2) the loss given default through the most recently available data for the past six years. As to TDR loans in the retail portfolio segment, which are subject to collective evaluation for impairment, the restructuring itself, as well as subsequent payment default, if any, are considered in determining obligor ratings.

The historical loss rate is adjusted, where appropriate, to reflect current factors, such as general economic and business conditions affecting the key lending areas of the MHFG Group, credit quality trends, specific industry conditions within portfolio segments, and recent loss experience in particular segments of the portfolio. 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.

*Allowance and provision (credit) for losses on off-balance-sheet instruments*

The MHFG Group maintains an allowance for losses on off-balance-sheet credit instruments, such as guarantees, standby letters of credit, commitments to invest in securities and commitments to extend credit, in the same manner as the allowance for loan losses. The allowance is recorded in Other liabilities. Net changes in the allowance for losses on off-balance-sheet instruments are accounted for in the Provision (credit) for losses on off-balance-sheet instruments in the consolidated statements of income.

*Premises and equipment*

Premises and equipment are stated at historical cost, and depreciation and amortization are recorded over the estimated useful lives of the assets, except for leasehold improvements, which are amortized over the shorter of the estimated useful lives of the assets or the lease term. Depreciation and amortization are principally computed under the straight-line method with respect to buildings and leasehold improvements and under the declining-balance method with respect to other premises and equipment.

The useful lives of premises and equipment are as follows:

	<b>Years</b>
Buildings	2 to 50
Equipment and furniture	2 to 20
Leasehold improvements	2 to 50

Regular repairs and maintenance costs that do not extend the estimated useful life are charged to expense as incurred. Upon sale or disposition of premises and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts, and any gains or losses on disposal are included in Gains on disposal of premises and equipment or Occupancy expenses.

---

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Impairment of long-lived assets*

The MHFG Group's long-lived assets that are held for use are reviewed periodically for events or changes in circumstances that indicate possible impairment. The Group's impairment review is based on an undiscounted cash flow analysis of a group of assets, combined with associated liabilities, at the lowest level for which identifiable cash flows exist. Impairment occurs when the carrying value of the asset group exceeds the future undiscounted cash flows that the asset group is expected to generate. When there is impairment, the future cash flows are then discounted to determine the estimated fair value of the asset group and an impairment charge is recorded for the difference between the carrying value and the estimated fair value of the asset group. The long-lived assets to be disposed of by sale are carried at the lower of the carrying amount or fair value, less estimated cost to sell.

*Software*

Internal and external costs incurred in connection with developing and obtaining software for internal use that occur during the application development stage are capitalized. Such costs include salaries and benefits for employees directly involved with and who devote time to the project, to the extent such time is incurred directly on the internal use software project. The capitalization of software ceases when the software project has been substantially completed. The capitalized software is amortized on a straight-line basis over the estimated useful life, generally 5 years. Internal use software is reviewed for impairment when triggering events occur.

*Goodwill*

Goodwill represents the excess of the total fair value of the acquired company which consists of the consideration transferred, the fair value of any interest in the acquiree already held by the acquirer and the fair value of any noncontrolling interest in the acquiree over the fair value of net identifiable assets acquired at the date of acquisition in a business combination. The MHFG Group accounts for goodwill in accordance with ASC 350, Intangibles Goodwill and Other (ASC 350). Goodwill is recorded at a designated reporting unit level for the purpose of assessing impairment. An impairment loss is recorded to the extent the carrying amount of goodwill exceeds its estimated fair value.

*Intangible assets*

Intangible assets having definite useful lives are amortized over their estimated useful lives on either a straight-line basis or the method that reflects the pattern in which the economic benefits of the intangible assets are consumed. Intangible assets acquired by the merger of MHSC and Shinko Securities Co., Ltd. (Shinko) consist primarily of customer relationship intangibles, and are amortized over a weighted-average amortization period of 16 years. Intangible assets having indefinite useful lives are not amortized and are subject to impairment tests. An impairment loss is recorded to the extent the carrying amount of indefinite-lived intangible asset exceeds its estimated fair value. For intangible assets subject to amortization, an impairment loss is recorded if the carrying amount is not recoverable and exceeds its estimated fair value.

*Pension and other employee benefits*

MHFG and certain subsidiaries including MHBK, MHC B, and MHTB sponsor severance indemnities and pension plans, which provide defined benefits to retired employees. Periodic expense and accrued liabilities are computed based on the actuarial present value of benefits, net of investment returns expected from plan assets and their fair values at the balance sheet date. Net periodic expense is charged to Salaries and employee benefits.

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Stock-based compensation*

The compensation cost associated with stock compensation-type stock options is measured with fair value method using the Black-Scholes option pricing model.

*Debentures and long-term debt*

Premiums, discounts and issuance costs of debentures and long-term debt are amortized based on a method that approximates the interest method over the terms of the debentures and long-term debt.

*Obligations under guarantees*

The MHFG Group provides customers with a variety of guarantees and similar arrangements, including standby letters of credit, financial and performance guarantees, credit protections, and liquidity facilities. The MHFG Group recognizes guarantee fee income over the guarantee period. The MHFG Group receives such a guarantee fee at the inception of the guarantee or by installment, and in either case, the present value of the total fees approximates the fair value of the guarantee.

*Fair Value Measurements*

The MHFG Group carries certain of its financial assets and liabilities at fair value on a recurring basis. These financial assets and liabilities are primarily composed of trading account assets, trading account liabilities and available-for-sale securities. In addition, the Group measures certain financial assets and liabilities, at fair value on a non-recurring basis. Those assets and liabilities primarily include items that are measured at the lower of cost or fair value such as loans held for sale, and items that were initially measured at cost and have been written down to fair value for impairment such as loans and other investments.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with ASC 820, Fair Value Measurements and Disclosures (ASC 820), the Group classifies its financial assets and liabilities into the fair value hierarchy (Level 1, 2, and 3). See Note 29 Fair value for the detailed definition of each level.

When determining fair value, the MHFG Group considers the principal or most advantageous market in which the Group would transact and consider assumptions that market participants would use when pricing the asset or liability. The Group maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. See Note 29 Fair value for descriptions of valuation methodologies used for its assets and liabilities by product.

*Fees and commissions*

Fee revenue is recognized when all of the following criteria have been met: persuasive evidence of an agreement exists, services have been rendered, the price is fixed or determinable, and collectibility is reasonably assured. Fees on securities-related business and fees on funds transfer and collection services are generally recognized as revenue when the related services are performed. Fees on credit-related business, excluding loan origination fees to be deferred and recognized over the loan period as an adjustment of yield, are generally recognized either at one time when the service is rendered or over the related transaction period. Fees and commissions are presented on a gross basis.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Income taxes*

Income taxes are accounted for in accordance with ASC 740, *Income Taxes* ( ASC 740 ). 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 those corresponding amounts used for income tax purposes, and (2) operating loss and tax credit carryforwards. A valuation allowance for any portion of the deferred tax assets is recorded unless it is more likely than not that the deferred tax assets will be realized. Deferred income tax benefit or expense is recognized for the changes in the net deferred tax asset or liability between periods.

*Earnings per common share*

Basic earnings per common share are computed by dividing net income attributable to MHFG common shareholders by the weighted average number of common shares outstanding during the fiscal year. Diluted earnings per common share reflect the possible exercise of all convertible securities, such as convertible preferred stock to the extent they are not anti-dilutive. See Note 19 *Earnings per common share* for the computation of basic and diluted earnings per common share.

**2. Recently issued accounting pronouncements***Recently adopted accounting pronouncements*

On July 1, 2009, the ASC was officially launched. The ASC, which reorganized the thousands of U.S. GAAP pronouncements into roughly 90 accounting topics, is the single source of authoritative U.S. GAAP for nongovernmental entities.

In December 2007, the FASB issued Statement of Financial Accounting Standards ( SFAS ) No.141 (revised 2007), *Business Combinations* , which is now included in ASC 805, *Business Combinations* ( ASC 805 ). The statement establishes principles and requirements for how the acquirer (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in the acquiree, (2) recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase, and (3) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. In April 2009, the FASB issued FASB Staff Position ( FSP ) No.FAS141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* , which is now included in ASC 805. The pronouncement provides the guidance for initial recognition and measurement of all assets acquired and liabilities assumed in a business combination that arise from contingencies as well as subsequent measurement and accounting of such assets and liabilities. As a result of the transaction discussed in Note 3 *Business Combination* , the MHFG Group recognized an increase in pretax income of ¥106,674 million, which consists of a gain on the bargain purchase of ¥106,310 million and a gain of ¥364 million resulting from the remeasurement of preexisting shares, during the fiscal year ended March 31, 2010.

In December 2007, the FASB issued SFAS No.160, *Noncontrolling Interests in Consolidated Financial Statements* an amendment of ARB No.51 , which is now included in ASC 810. The statement establishes accounting and reporting standards for noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. The statement requires expanded disclosures in the consolidated financial statements that clearly identify and distinguish between the interests of the parent s owners and the interests of the noncontrolling



**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

owners of a subsidiary. The statement is effective for fiscal years beginning on or after December 15, 2008. The adoption of the statement did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In February 2008, the FASB issued FSP No.FAS140-3, *Accounting for Transfers of Financial Assets and Repurchase Financing Transactions*, which is now included in ASC 860. The pronouncement provides that if an initial transfer of a financial asset and a repurchase financing that is entered into contemporaneously with, or in contemplation of, the initial transfer meet certain conditions, the initial transfer shall be accounted for separately from the repurchase financing. Otherwise, the initial transfer and repurchase financing should be evaluated as a linked transaction, which shall be accounted for based on the economics of the combined transactions. The pronouncement is effective for fiscal years beginning after November 15, 2008. The adoption of the pronouncement did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In March 2008, the FASB issued SFAS No.161, *Disclosures about Derivative Instruments and Hedging Activities* an amendment of FASB Statement No.133, which is now included in ASC 815. The statement requires enhanced disclosures about derivative instruments and hedged items. The statement is effective for fiscal years beginning after November 15, 2008. The statement is an accounting principle which expands disclosure requirements, and had no impact on the MHFG Group's consolidated results of operations or financial condition.

In June 2008, the FASB Emerging Issues Task Force (EITF) reached a consensus on Issue No.07-5, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock*, which is now included in ASC 815. The consensus provides guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock. The consensus is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008. The adoption of the consensus did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In November 2008, the EITF reached a consensus on Issue No.08-6, *Equity Method Investment Accounting Considerations*, which is now included in ASC 323, *Investments - Equity Method and Joint Ventures* (ASC 323). The consensus clarifies the accounting for (1) initial measurement, (2) decrease in investment value and (3) change in level of ownership or degree of influence related to equity method investments. The consensus is effective for reporting periods beginning after December 15, 2008. The adoption of the consensus did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In December 2008, the FASB issued FSP No.FAS132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets*, which is now included in ASC 715, *Compensation - Retirement Benefits* (ASC 715). The pronouncement requires additional disclosures about plan assets of a defined benefit pension or other postretirement plan, including investment strategies, fair value of major categories of plan assets and valuation techniques used to measure the fair value of plan assets. The pronouncement is effective for fiscal years ending after December 15, 2009, with early adoption permitted. The pronouncement is an accounting principle which expands disclosure requirements, and had no impact on the MHFG Group's consolidated results of operations or financial condition.

In April 2009, the FASB issued FSP No.FAS107-1 and APB28-1, *Interim Disclosures about Fair Value of Financial Instruments*, which is now included in ASC 825, *Financial Instruments* (ASC 825). The pronouncement requires disclosures about the fair value of financial instruments for interim financial reporting periods of publicly traded companies as well as in annual financial statements. The pronouncement also amends

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

ASC 270, *Interim Reporting* ( ASC 270 ), to require those disclosures in summarized financial information at interim reporting periods. The pronouncement is effective for interim reporting periods ending after June 15, 2009. The pronouncement is an accounting principle which expands disclosure requirements, and had no impact on the MHFG Group's consolidated results of operations or financial condition.

In April 2009, the FASB issued FSP No.FAS115-2 and FAS124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, which is now included in ASC 320, *Investments - Debt and Equity Securities* ( ASC 320 ), and amends the other-than-temporary impairment model for debt securities. The pronouncement requires an entity to recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the noncredit component in other comprehensive income when the entity does not intend to sell the security and it is more likely than not that the entity will not be required to sell the security prior to recovery. In addition, the pronouncement expands existing disclosures and requires new disclosures about other-than-temporary impairments. The pronouncement is effective for interim and annual reporting periods ending after June 15, 2009. The MHFG Group adopted the pronouncement as of April 1, 2009 that resulted in a decrease to the beginning balance of Accumulated deficit of ¥99,910 million, which was reclassified to Accumulated other comprehensive income, net of tax. See Note 4 *Investments* for further discussion of the impact of the pronouncement.

In May 2009, the FASB issued SFAS No.165, *Subsequent Events*, which is now included in ASC 855, *Subsequent Events* ( ASC 855 ). The statement establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The statement is effective for interim or annual financial periods ending after June 15, 2009. In February 2010, the FASB issued Accounting Standards Update ( ASU ) No.2010-09, *Subsequent Events (Topic 855) Amendments to Certain Recognition and Disclosure Requirements* ( ASU No.2010-09 ). The ASU removes the requirement for a U.S. Securities and Exchange Commission ( SEC ) filer to disclose the date through which subsequent events have been evaluated. The ASU is effective upon issuance. The adoption of the statement and the ASU did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In June 2009, the FASB issued SFAS No.166, *Accounting for Transfers of Financial Assets* an amendment of FASB Statement No.140 ( SFAS No.166 ), which is now included in ASC 860. The statement requires more information about transfers of financial assets, including securitization transactions, where enterprises have continuing exposure to the risks related to the transferred financial assets. The statement eliminates the concept of qualifying SPE and modifies the requirements for derecognizing financial assets. The statement is effective as of the beginning of the first fiscal year that begins after November 15, 2009.

In June 2009, the FASB issued SFAS No.167, *Amendments to FASB Interpretation No.46(R)* ( SFAS No.167 ), which is now included in ASC 810. The statement provides new guidance on how an enterprise determines whether the enterprise's variable interests give it a controlling financial interest in VIEs. The determination is based on, among other things, VIE's purpose and design, an enterprise's ability to direct the activities of the VIE that most significantly impact the entity's economic performance, and if an enterprise has the obligation to absorb losses of or the right to receive benefits from the VIE that could be significant. The statement is effective as of the beginning of the first fiscal year that begins after November 15, 2009. In February 2010, the FASB issued ASU No.2010-10, *Consolidation (Topic 810) Amendments for Certain Investment Funds* ( ASU No.2010-10 ). The ASU provides that the consolidation requirements of SFAS No.167 are deferred for an entity that has all the attributes of an investment company (or similar entity). On April 1, 2010, The MHFG Group adopted SFAS No.167, together with SFAS No.166, which primarily resulted in the consolidation of certain former qualifying SPEs, guaranteed principal money trust products and collateral loan

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

obligations ( CLO ) where the MHFG Group acts as an asset manager. The adoption of the statements resulted in an increase to the beginning balance of additional paid-in capital included in Common stock of ¥334 million, and a decrease to the beginning balance of Accumulated deficit and Accumulated other comprehensive income of ¥1,382 million and ¥6,273 million, respectively.

In August 2009, the FASB issued ASU No.2009-05, Fair Value Measurements and Disclosures (Topic 820) Measuring Liabilities at Fair Value ( ASU No.2009-05 ). The ASU provides new guidance clarifying how to measure the fair value of liabilities, particularly in circumstances in which a quoted price in an active market for the identical liability is not available. It also clarifies that a restriction preventing the transfer of a liability should not be considered as a separate input or adjustment in measurement of the fair value. The ASU is effective for the first reporting period, including interim periods, beginning after issuance. The adoption of ASU No.2009-05 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In September 2009, the FASB issued ASU No.2009-12, Fair Value Measurements and Disclosures (Topic 820) Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent) ( ASU No.2009-12 ). The ASU permits, as a practical expedient, a reporting entity to measure the fair value of an alternative investment on the basis of the net asset value per share ( NAV ), if certain criteria are met. The ASU only applies to investments that do not have a readily determinable fair value in investment companies or similar entities. The ASU also provides guidance on the clarification of fair value hierarchy for such investments and requires enhanced disclosures by each major category of those investments. The ASU is effective for interim and annual reporting periods ending after December 15, 2009. The adoption of ASU No.2009-12 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In January 2010, the FASB issued ASU No.2010-02, Consolidation (Topic 810) Accounting and Reporting for Decreases in Ownership of a Subsidiary a Scope Clarification ( ASU No.2010-02 ). The ASU amends ASC 810-10 and related guidance within U.S. GAAP to clarify the scope of decreases in ownership. The ASU also expands disclosure requirements about (1) the valuation techniques used to measure the fair value of retained investments in the former subsidiary and (2) the nature of continuing involvement and related party relationships. The ASU is effective beginning in the first interim or annual reporting period ending on or after December 15, 2009 and the amendments should be applied retrospectively to the first period that SFAS No.160 was adopted. The adoption of ASU No.2010-02 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In January 2010, the FASB issued ASU No.2010-06, Fair Value Measurements and Disclosures (Topic 820) Improving Disclosures about Fair Value Measurements ( ASU No.2010-06 ). The ASU provides amendments to ASC 820 that require new disclosures regarding (1) transfers in and out of Levels 1 and 2 and (2) more detailed activity in Level 3. The ASU also provides amendments to ASC 820 that clarify existing disclosures regarding (1) level of disaggregation and (2) inputs and valuation techniques. The ASU is effective for interim and annual reporting periods beginning after December 15, 2009, except for the new disclosures related to the activity in Level 3, which do not become effective until fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. ASU No.2010-06 is an accounting principle which expands disclosure requirements, and had no impact on the MHFG Group's consolidated results of operations or financial condition.

In March 2010, the FASB issued ASU No.2010-11, Derivatives and Hedging (Topic 815) Scope Exception Related to Embedded Credit Derivatives ( ASU No.2010-11 ). The ASU clarifies the scope exception for embedded credit derivative features related to the transfer of credit risk, which are subject to potential

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

bifurcation, and indicate circumstances which do not qualify for the scope exception. The ASU is effective at the beginning of the first fiscal quarter beginning after June 15, 2010. The adoption of ASU No.2010-11 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In July 2010, the FASB issued ASU No.2010-20, *Receivables (Topic 310) Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* (ASU No.2010-20). The ASU requires disclosures that facilitate financial statement users' evaluation of (1) the nature of credit risk inherent in the entity's portfolio of financing receivables, (2) how that risk is analyzed and assessed in arriving at the allowance for credit losses and (3) the changes and reasons for those changes in the allowance for credit losses. The new disclosures required include (1) aging of past due receivables, (2) credit quality indicators, and (3) modifications of financing receivables. It is also required that the certain existing disclosures should be provided on a disaggregated basis. The disclosures as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010, whereas the disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. In January 2011, the FASB issued ASU No.2011-01, *Receivables (Topic310) Deferral of the Effective Date of Disclosures about Troubled Debt Restructurings in Update No.2010-20* (ASU No.2011-01) to delay the effective date of the disclosures about troubled debt restructurings for public entities, and in April 2011, it was provided that such disclosure requirements would be effective for interim and annual periods beginning on or after June 15, 2011 in ASU No.2011-02, *Receivables (Topic310) A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring* (ASU No.2011-02). ASU 2011-02 also clarifies the guidance on a creditor's evaluation for troubled debt restructurings of whether it has granted a concession and whether a debtor is experiencing financial difficulties. ASU No.2010-20 is an accounting principle which expands disclosure requirements, and had no impact on the MHFG Group's consolidated results of operations or financial condition.

In December 2010, the FASB issued ASU No.2010-28, *Intangibles - Goodwill and Other (Topic 350) When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts* (ASU No.2010-28). The ASU requires Step 2 of the impairment test should be performed in circumstances where the carrying amount of a reporting unit is zero or negative and there are qualitative factors that indicate it is more likely than not that a goodwill impairment exists. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of ASU No.2010-28 did not have a material impact on the MHFG Group's consolidated results of operations or financial condition.

In December 2010, the FASB issued ASU No.2010-29, *Business Combinations (Topic 805) Disclosure of Supplementary Pro Forma Information for Business Combinations* (ASU No.2010-29). The ASU clarifies that, if a reporting entity presents comparative financial statements, the pro forma revenue and earnings of the combined entity should be reported as though the business combinations that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The ASU is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. ASU No.2010-29 is an accounting principle which clarifies disclosure requirements, and had no impact on the MHFG Group's consolidated results of operations or financial condition.

*Accounting pronouncements issued but not yet effective*

In June 2007, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) No.07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies*, which is now included in ASC 946, *Financial Services - Investment Companies* (ASC 946), and provides

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

guidance for determining whether an entity is within the scope of the AICPA Audit and Accounting Guide Investment Companies ( the Guide ). The statement was expected to be effective for fiscal years beginning on or after December 15, 2007, with earlier application encouraged. However, in February 2008, the FASB issued FSP No.SOP07-1-1, Effective Date of AICPA Statement of Position 07-1 , which is now included in ASC 946 as well, to delay the effective date of SOP No.07-1 indefinitely in order to address implementation issues. The MHFG Group does not expect that the current form of the statement will have a material impact on its consolidated results of operations or financial condition.

In April 2011, the FASB issued ASU No.2011-03, Transfers and Servicing (Topic 860) Reconsideration of Effective Control for Repurchase Agreements ( ASU No.2011-03 ). The ASU amends the conditions to determine whether a transferor in repurchase agreements (repos) and other similar agreements maintains effective control over the financial assets transferred by removing from the assessment of effective control (1) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (2) the collateral maintenance implementation guidance related to that criterion. The ASU is effective for the first interim or annual period beginning on or after December 15, 2011, and should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. The MHFG Group does not expect that the adoption of ASU No.2011-03 will have a material impact on its consolidated results of operations or financial condition.

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs ( ASU No.2011-04 ) in order to improve comparability of fair value measurements presented and disclosed in financial statements prepared with U.S. GAAP and International Financial Reporting Standards ( IFRS ). The amendments in ASU No. 2011-04 change the wording to describe the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements to align with IFRS. The amendments also clarify the existing fair value measurement and disclosure requirements, which include (1) application of the highest and best use and valuation premise concepts, (2) measuring the fair value of an instrument classified in a reporting entity s shareholders equity and (3) disclosing quantitative information about the unobservable inputs used for Level 3 items. The amendments also change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements, which include (1) measuring the fair value of financial instruments that are managed within a portfolio, (2) application of premiums and discounts in a fair value measurement and (3) additional disclosures about fair value measurements. The ASU is effective for interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. The MHFG Group does not expect that the adoption of ASU No.2011-04 will have a material impact on its consolidated results of operations or financial condition.

In June 2011, the FASB issued ASU No.2011-05, Comprehensive Income (Topic 220) Presentation of Comprehensive Income ( ASU No.2011-05 ). The ASU eliminates the option to present components of other comprehensive income as part of the statement of changes in stockholders equity, and requires that all nonowner changes in stockholders equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The ASU also requires reclassification adjustments from other comprehensive income to net income be presented on the face of financial statements. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and should be applied retrospectively. Early adoption is permitted. In December 2011, the FASB issued ASU No.2011-12, Comprehensive Income (Topic 220) Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No.2011-05 ( ASU No.2011-12) to indefinitely defer only those changes in ASU No.2011-05 that relate to the

---

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

presentation of reclassification adjustments. All other requirements in ASU No.2011-05 are not affected, and entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before ASU 2011-05. ASU No.2011-05 is an accounting principle which alters disclosure requirements, and has no impact on the MHFG Group's consolidated results of operations or financial condition.

In September 2011, the FASB issued ASU No.2011-08, Intangibles—Goodwill and Other (Topic 350) Testing Goodwill for Impairment (ASU No.2011-08). The ASU permits an entity the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. Under this ASU, an entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. The ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The MHFG Group does not expect that the adoption of ASU No.2011-08 will have a material impact on its consolidated results of operations or financial condition.

In December 2011, the FASB issued ASU No.2011-10, Property, Plant, and Equipment (Topic 360) Derecognition of in Substance Real Estate—a Scope Clarification (ASU No.2011-10). The ASU clarifies that, even when a reporting entity ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt, the reporting entity would continue to include the real estate, debt, and the results of the subsidiary's operations in its consolidated financial statements until legal title to the real estate is transferred to legally satisfy the debt. The ASU is effective for fiscal years and interim periods within those years, beginning on or after June 15, 2012. The MHFG Group does not expect that the adoption of ASU No.2011-10 will have a material impact on its consolidated results of operations or financial condition.

In December 2011, the FASB issued ASU No.2011-11, Balance Sheet (Topic 210) Disclosures about Offsetting Assets and Liabilities (ASU No.2011-11). The ASU enhances disclosures by requiring improved information about financial instruments and derivative instruments that are either (1) offset on the statement of financial position or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the statement of financial position. Under the ASU, entities are required to provide both net and gross information for these financial instruments and derivative instruments in order to enhance comparability between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. The ASU is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods. An entity should provide the disclosures required retrospectively for all comparative periods presented. The MHFG Group is currently evaluating the potential impact that the adoption of ASU No.2011-11 will have on its consolidated results of operations and financial condition.

**3. Business Combination**

Shinko was a broker and dealer in securities and an equity method affiliate of the MHFG Group in which the Group owned 27.32 percent of the voting equity interests immediately before the business combination. On May 7, 2009, MHFG exchanged 30.30 percent of the voting equity interests in MHSC for 32.19 percent of the voting equity interests in Shinko and merged the two entities, in order to strengthen the Group's securities arm so it is more competitive in a market with high uncertainty, improve its service providing capabilities and enable it to offer financial services to clients on a global basis.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

This transaction was accounted for as a bargain purchase because the opening market price of Shinko's common shares on the acquisition date was less than the fair value of net assets per common share. As a result, a pretax gain of ¥106,310 million is recorded in Other noninterest income during the fiscal year ended March 31, 2010.

The following table summarizes the consideration paid for Shinko and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date, as well as the fair value at the acquisition date of the noncontrolling interests in Shinko:

	<b>At May 7, 2009</b> <b>(in millions of yen)</b>
<b>Consideration</b>	
Equity instruments (3,451,755 common shares of MHSC)	58,600
<b>Fair value of total consideration transferred</b>	<b>58,600</b>
<b>Fair value of MHFG's equity interests in Shinko held before the business combination</b>	<b>49,265</b>
	<b>107,865</b>
<b>Recognized amounts of identifiable assets acquired</b>	
Cash and due from banks	118,725
Interest-bearing deposits in other banks	32,344
Receivables under securities borrowing transactions	831,839
Trading account assets	1,008,004
Investments	98,937
Loans	14,248
Premises and equipment	57,004
Accrued income	7,462
Intangible assets <sup>(Note)</sup>	73,949
Other assets	76,734
<b>Recognized amounts of identifiable liabilities assumed</b>	
Call money and funds purchased	41,000
Payables under repurchase agreements	27,111
Payables under securities lending transactions	745,131
Other short-term borrowings	357,813
Trading account liabilities	671,841
Income taxes payable	490
Deferred tax liabilities	25,633
Accrued expenses	5,777
Long-term debt	75,795
Other liabilities	75,162
<b>Total identifiable net assets</b>	<b>293,493</b>
<b>Noncontrolling interests in Shinko</b>	<b>79,318</b>
<b>Gain on the bargain purchase</b>	<b>106,310</b>
	<b>107,865</b>

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Note: Amounts represent customer relationships subject to amortization, of which the weighted-average amortization period is 16 years.

F-27



**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The fair value of the 3,451,755 common shares of MHSC as the consideration paid for Shinko (¥58,600 million) and the noncontrolling interests in Shinko (¥79,318 million) were determined on the basis of the opening market price of Shinko's common shares on the acquisition date.

The MHFG Group recognized a gain of ¥364 million as a result of remeasuring to fair value its 27.32 percent of the voting equity interests in Shinko held before the business combination. The gain is included in Other noninterest income in the Group's consolidated statements of income for the fiscal year ended March 31, 2010.

The revenue and earnings of Shinko since the acquisition date included in the Group's consolidated statements of income for the fiscal year ended March 31, 2010 are not material. Furthermore, the revenue and earnings of the MHFG Group, other than a gain on the bargain purchase described above, would not differ significantly than those reported in the consolidated statements of income if the business combination had occurred as of April 1, 2008.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. Investments**

The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale and held-to-maturity securities at March 31, 2011 and 2012 are as follows:

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
	(in millions of yen)			
<b>2011</b>				
Available-for-sale securities:				
Debt securities:				
Japanese government bonds	29,280,682	10,572	78,001	29,213,253
Japanese local gov t bonds	229,440	2,139	1,410	230,169
U.S. Treasury bonds and federal agency securities	128,507	397	522	128,382
Other foreign gov t bonds	290,428	331	181	290,578
Agency mortgage-backed securities (Note)	769,182	3,496	7,710	764,968
Residential mortgage-backed securities	753,625	11,358	5,426	759,557
Commercial mortgage-backed securities	509,294	2,961	26,007	486,248
Japanese corporate bonds and other debt securities	3,170,653	41,456	14,581	3,197,528
Foreign corporate bonds and other debt securities	624,877	23,785	2,954	645,708
Equity securities (marketable)	1,918,733	922,649	8,832	2,832,550
<b>Total</b>	<b>37,675,421</b>	<b>1,019,144</b>	<b>145,624</b>	<b>38,548,941</b>
Held-to-maturity securities:				
Debt securities:				
Japanese government bonds	1,200,615	7,361	1,269	1,206,707
Japanese corporate bonds	1,508	5		1,513
<b>Total</b>	<b>1,202,123</b>	<b>7,366</b>	<b>1,269</b>	<b>1,208,220</b>
<b>2012</b>				
Available-for-sale securities:				
Debt securities:				
Japanese government bonds	32,629,290	29,428	12,064	32,646,654
Japanese local gov t bonds	269,434	3,222	90	272,566
U.S. Treasury bonds and federal agency securities	101,205	310	79	101,436
Other foreign gov t bonds	443,836	969	262	444,543
Agency mortgage-backed securities (Note)	971,799	9,381	896	980,284
Residential mortgage-backed securities	564,152	10,375	3,261	571,266
Commercial mortgage-backed securities	338,393	2,828	10,949	330,272
Japanese corporate bonds and other debt securities	2,560,049	32,066	14,518	2,577,597
Foreign corporate bonds and other debt securities	525,978	18,139	2,174	541,943
Equity securities (marketable)	1,832,468	964,700	4,753	2,792,415
<b>Total</b>	<b>40,236,604</b>	<b>1,071,418</b>	<b>49,046</b>	<b>41,258,976</b>
Held-to-maturity securities:				
Debt securities:				
Japanese government bonds	1,800,614	14,587	62	1,815,139
Japanese corporate bonds	1,001			1,001

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Total	1,801,615	14,587	62	1,816,140
-------	-----------	--------	----	-----------

Note: Agency mortgage-backed securities presented in the above table consist of U.S. agency securities and Japanese agency securities, of which the fair values were ¥82,632 million and ¥682,336 million, respectively, at March 31, 2011, and ¥150,253 million and ¥830,031 million, respectively, at March 31, 2012. U.S. agency securities primarily consist of Government National Mortgage Association or Ginnie Mae securities, which are guaranteed by the United States government. All of Japanese agency securities are mortgage-backed securities issued by Japan Housing Finance Agency, a Japanese government-sponsored enterprise.

F-29

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The amortized cost and fair value of available-for-sale and held-to-maturity debt securities at March 31, 2012 by contractual maturity are shown in the table below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties. Securities not due at a single maturity date and securities embedded with call or prepayment options, such as mortgage-backed securities, are included in the table below based on their original final or contractual maturities.

	Available-for-sale debt securities		Held-to-maturity debt securities	
	Amortized cost	Fair value	Amortized cost	Fair value
	(in millions of yen)			
Due in one year or less	13,733,350	13,735,130	1,001	1,001
Due after one year through five years	19,450,272	19,471,730	1,800,614	1,815,139
Due after five years through ten years	3,303,573	3,314,390		
Due after ten years	1,916,941	1,945,311		
<b>Total</b>	<b>38,404,136</b>	<b>38,466,561</b>	<b>1,801,615</b>	<b>1,816,140</b>

Effective April 1, 2009, the MHFG Group adopted FSP No.FAS115-2 and FAS124-2, which amended the other-than-temporary impairment model for debt securities. Under the new model, if an entity has the intent to sell a debt security or more likely than not will be required to sell a debt security before recovery of its amortized cost basis, the full amount of an other-than-temporary impairment loss shall be recognized immediately through earnings. Other than either case described above, an entity must evaluate expected cash flows to be received and determine if a credit loss exists, and if so, the amount of other-than-temporary impairment related to the credit loss shall be recognized in earnings, while the remaining decline in fair value shall be recognized in other comprehensive income, net of applicable taxes. As the FSP does not affect the other-than-temporary impairment model for equity securities, equity securities deemed other-than-temporarily impaired are written down to fair value, with the full decline recognized in earnings.

For certain Japanese government bonds held at April 1, 2009 for which an other-than-temporary impairment was previously recognized, the MHFG Group recorded the cumulative effect of initially applying the FSP as a decrease to the beginning balance of Accumulated deficit with a corresponding adjustment to Accumulated other comprehensive loss, net of tax. Considering the factors that the MHFG Group did not intend to sell those securities, it was not more likely than not that the Group would be required to sell them before recovery of their amortized cost basis, and no credit deterioration existed in those securities, ¥99,910 million of other-than-temporary impairment charges previously recorded through earnings were reclassified to Accumulated other comprehensive loss, net of tax (pre-tax amount of ¥141,212 million offset by tax effect of ¥33,775 million and noncontrolling interests of ¥7,527 million).

The MHFG Group performs periodic reviews to identify impaired securities. Impairment is evaluated considering the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer, as well as the MHFG Group's ability and intent to hold the investments for an adequate period of time until an anticipated market price recovery or maturity.

For the fiscal year ended March 31, 2010, the MHFG Group recognized in earnings other-than-temporary impairment on available-for-sale securities of ¥92,497 million. For the fiscal years ended March 31, 2011 and 2012, the MHFG Group recognized in earnings other-than-temporary impairment on available-for-sale securities of ¥77,042 million and ¥117,029 million, respectively, of which ¥12,394 million and ¥7,238 million, respectively, were on debt securities and ¥64,648 million and ¥109,791 million, respectively, were on equity securities. No impairment losses were recorded on held-to-maturity securities for the periods.

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The other-than-temporary impairment losses for debt securities were mainly attributable to the decline in the fair value of residential mortgage-backed securities ( RMBS ) and commercial mortgage-backed securities ( CMBS ) that the MHFG Group had the intent to sell. In accordance with ASC 320-10-35-33A and ASC 320-10-35-34B, the other-than-temporary impairment of these securities was recognized in earnings.

There has been no amount related to credit losses recognized in earnings on debt securities where a portion of other-than-temporary impairment was recognized in other comprehensive income ever since the adoption of the new impairment model for debt securities on April 1, 2009.

The other-than-temporary impairment losses for equity securities were mainly attributable to the decline in the fair value of Japanese equity securities. Certain equity securities were determined not to be other-than-temporarily impaired as the length of time that their fair values were below their costs were reasonably short and/or the impairments were immaterial in amount.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following tables show the gross unrealized losses and fair value of available-for-sale and held-to-maturity securities, aggregated by the length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2011 and 2012:

	Less than 12 months Gross unrealized losses	12 months or more Gross unrealized losses	Fair value (in millions of yen)	Total Fair value	Total Gross unrealized losses
<b>2011</b>					
Available-for-sale securities:					
Debt securities:					
Japanese government bonds	17,012,827	54,063	1,284,639	23,938	18,297,466
Japanese local gov t bonds	121,689	1,410			121,689
U.S. Treasury bonds and federal agency securities	84,209	522	3		84,212
Other foreign gov t bonds	148,135	181			148,135
Agency mortgage-backed securities (Note)	520,937	7,710			520,937
Residential mortgage-backed securities	40,706	359	251,170	5,067	291,876
Commercial mortgage-backed securities	1,499	1	355,884	26,006	357,383
Japanese corporate bonds and other debt securities	1,133,710	13,047	276,244	1,534	1,409,954
Foreign corporate bonds and other debt securities	116,588	1,324	126,015	1,630	242,603
Equity securities (marketable)	101,214	8,462	2,154	370	103,368
<b>Total</b>	<b>19,281,514</b>	<b>87,079</b>	<b>2,296,109</b>	<b>58,545</b>	<b>21,577,623</b>
Held-to-maturity securities:					
Debt securities:					
Japanese government bonds	299,022	1,269			299,022
<b>Total</b>	<b>299,022</b>	<b>1,269</b>			<b>299,022</b>
<b>2012</b>					
Available-for-sale securities:					
Debt securities:					
Japanese government bonds	12,325,775	3,501	683,322	8,563	13,009,097
Japanese local gov t bonds	25,251	80	5,743	10	30,994
U.S. Treasury bonds and federal agency securities	40,503	79			40,503
Other foreign gov t bonds	205,750	227	7,312	35	213,062
Agency mortgage-backed securities (Note)	229,915	628	102,451	268	332,366
Residential mortgage-backed securities	39,480	544	153,112	2,717	192,592
Commercial mortgage-backed securities	6,639	41	192,865	10,908	199,504
Japanese corporate bonds and other debt securities	477,021	1,725	292,956	12,793	769,977
Foreign corporate bonds and other debt securities	103,500	619	93,087	1,555	196,587
Equity securities (marketable)	61,355	4,388	2,039	365	63,394
<b>Total</b>	<b>13,515,189</b>	<b>11,832</b>	<b>1,532,887</b>	<b>37,214</b>	<b>15,048,076</b>
Held-to-maturity securities:					
Debt securities:					
Japanese government bonds	49,950	62			49,950
<b>Total</b>	<b>49,950</b>	<b>62</b>			<b>49,950</b>

Note: Agency mortgage-backed securities presented in the above table consist of U.S. agency securities and Japanese agency securities, of which the fair values were ¥55,327 million and ¥465,610 million, respectively, at March 31, 2011, and ¥25,251 million and ¥307,115 million, respectively, at March 31, 2012. U.S. agency securities primarily consist of Government National Mortgage Association or Ginnie Mae securities, which are guaranteed by the United States government. All of Japanese agency securities are mortgage-backed securities issued by Japan Housing Finance Agency, a Japanese government-sponsored enterprise.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The unrealized losses on investments in a continuous loss position for 12 months or more at March 31, 2012 were attributed mainly to Japanese government bonds, RMBS, CMBS, and Japanese corporate bonds and other debt securities. The MHFG Group did not intend to sell those securities and it was not more likely than not that the Group would be required to sell them before recovery of their amortized cost basis. Those securities were not considered other-than-temporarily impaired. As to RMBS, CMBS, and Japanese corporate bonds and other debt securities with similar credit risks as the other-than-temporarily impaired securities, the Group determined that it was expected to recover their entire amortized cost basis, after considering various factors such as the extent to which their fair values were below their amortized costs, the external and/or internal ratings and the present values of cash flows expected to be collected. As to Japanese government bonds, since the unrealized losses had not resulted from credit deterioration, but primarily from changes in interest rates, their entire amortized cost basis was expected to be collected.

For the fiscal years ended March 31, 2010, 2011 and 2012, gross realized gains on sales of available-for-sale securities were ¥248,254 million, ¥194,908 million and ¥100,371 million, respectively, and gross realized losses on those sales were ¥26,492 million, ¥40,376 million and ¥28,840 million, respectively.

***Other investments***

The following table summarizes the composition of other investments:

	2011	2012
	(in millions of yen)	
Equity method investments	172,326	231,730
Investments held by consolidated investment companies	285,716	190,343
Other equity interests	494,534	560,816
Total other investments	952,576	982,889

***Equity method investments***

Investments in investees over which the MHFG Group has the ability to exert significant influence are accounted for using the equity method of accounting. Such investments included marketable equity securities carried at ¥15,420 million and ¥15,497 million, at March 31, 2011 and 2012, respectively. The aggregated market values of those marketable equity securities were ¥20,398 million and ¥21,346 million, respectively.

On September 22, 2010, the MHFG Group converted certain preferred shares of Orient Corporation ( Orico ) into the common shares of Orico. As a result of the effective acquisition of such common shares, the Group's proportionate share to the total outstanding common shares of Orico increased to 27.1%. Since then, the Group's investments in common shares of Orico have been classified as equity method investments. The Group's proportionate share as of March 31, 2012 was 25.6%. Retroactive application of the equity method of accounting to the investments in Orico did not have a material effect on the Group's consolidated results of operations, financial condition, or retained earnings. The Group and a certain third party still hold convertible preferred shares of Orico, and if fully converted, the Group's proportionate share to the total outstanding common shares of Orico would increase to 58.0%.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Investments held by consolidated investment companies*

The MHFG Group consolidates certain investment companies for which it has control either through ownership or other means. Investment companies are subject to specialized industry accounting which requires investments to be carried at fair value, with changes in fair value recorded in earnings. The MHFG Group maintains this specialized industry accounting for investments held by consolidated investment companies, which consist of marketable and non-marketable investments.

*Other equity interests*

Other equity interests consist primarily of non-marketable equity securities outside the scope of ASC 320, for which the MHFG Group has neither significant influence nor control over the investees. These securities are stated at acquisition cost, with other-than-temporary impairment, if any, included in earnings. The fair values of these securities at March 31, 2011 and 2012 were not readily determinable. The MHFG Group monitors the status of each investee, including its credit rating, to determine whether impairment losses should be recognized.

**5. Loans**

The table below presents loans outstanding by domicile and industry of borrower at March 31, 2011 and 2012:

	2011	2012
	(in millions of yen)	
Domestic:		
Manufacturing	7,617,139	7,586,608
Construction and real estate	7,308,324	7,270,414
Services	4,286,744	3,981,279
Wholesale and retail	5,313,766	5,295,142
Transportation and communications	3,228,202	3,200,570
Banks and other financial institutions	3,908,065	3,501,266
Government and public institutions	7,154,049	6,911,725
Other industries <sup>(Note)</sup>	3,758,540	4,318,959
Individuals:		
Mortgage loans	11,436,486	11,191,410
Other	745,065	719,346
Total domestic	54,756,380	53,976,719
Foreign:		
Commercial and industrial	6,964,802	8,146,215
Banks and other financial institutions	2,587,531	3,343,181
Government and public institutions	453,066	521,988
Other <sup>(Note)</sup>	9,662	90,470
Total foreign	10,015,061	12,101,854
Total	64,771,441	66,078,573
Less: Unearned income and deferred loan fees net	81,627	89,511
Total loans before allowance for loan losses	64,689,814	65,989,062

Note: Other industries of domestic and other of foreign include trade receivables and lease receivables of consolidated VIEs.

F-34

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Net losses on sales of loans were ¥5,860 million, ¥886 million and ¥4,576 million, of which valuation losses related to loans held for sale accounted for at the lower of cost or fair value were ¥1,759 million, ¥645 million and ¥3,435 million for the fiscal years ended March 31, 2010, 2011 and 2012, respectively.

*Credit quality information*

Under the MHFG Group's credit risk management, the Group uses an internal rating system that consists of credit ratings and pool allocations as the basis of its 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. The Group pools loans with similar risk characteristics, and the risk is assessed and managed according to such pool. The Group generally reviews 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 the MHFG Group's definition of obligor ratings used by MHBK, MHCB and MHTB:

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	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.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The table below presents credit quality information of loans based on the MHFG Group's internal rating system at March 31, 2011 and 2012:

	Normal obligors				Watch obligors excluding special attention obligors <sup>(1)</sup>			Impaired loans	Total
	A-B	C-D	Retail <sup>(2)</sup>	Other <sup>(3)</sup>	E1-E2	Retail <sup>(2)</sup>	Other <sup>(3)</sup>		
<b>2011</b>									
Domestic:									
Manufacturing	4,136,439	2,230,245	108,053	270,870	511,115	30,536	20,200	309,681	7,617,139
Construction and real estate	2,374,750	3,367,262	714,994	100,301	447,221	38,993	6	264,797	7,308,324
Services	1,908,978	1,737,894	216,879	10,935	268,270	35,884		107,904	4,286,744
Wholesale and retail	1,747,661	2,575,281	236,556	76,199	441,637	59,703	137	176,592	5,313,766
Transportation and communications	1,857,583	1,104,179	87,813	305	109,605	14,996	39	53,682	3,228,202
Banks and other financial institutions	2,897,448	783,833	1,963	765	220,569	80		3,407	3,908,065
Government and public institutions	7,081,238			72,811					7,154,049
Other industries	1,410,665	196,124	3,318	2,042,711	13,513	655	90,507	1,047	3,758,540
Individuals		203,805	11,273,403	239,229	59,371	111,055	4,902	289,786	12,181,551
<b>Total domestic</b>	<b>23,414,762</b>	<b>12,198,623</b>	<b>12,642,979</b>	<b>2,814,126</b>	<b>2,071,301</b>	<b>291,902</b>	<b>115,791</b>	<b>1,206,896</b>	<b>54,756,380</b>
Foreign:									
<b>Total foreign</b>	<b>5,015,595</b>	<b>2,754,922</b>	<b>1,717</b>	<b>1,157,535</b>	<b>901,673</b>	<b>82</b>	<b>67,864</b>	<b>115,673</b>	<b>10,015,061</b>
<b>Total</b>	<b>28,430,357</b>	<b>14,953,545</b>	<b>12,644,696</b>	<b>3,971,661</b>	<b>2,972,974</b>	<b>291,984</b>	<b>183,655</b>	<b>1,322,569</b>	<b>64,771,441</b>
<b>2012</b>									
Domestic:									
Manufacturing	3,915,950	2,545,195	121,101	326,741	346,323	25,504	9,088	296,706	7,586,608
Construction and real estate	2,212,752	3,550,102	687,440	154,900	430,372	28,683	679	205,486	7,270,414
Services	1,903,329	1,500,985	225,458	2,611	198,066	31,943		118,887	3,981,279
Wholesale and retail	1,709,599	2,677,141	261,228	88,693	303,264	54,582	97	200,538	5,295,142
Transportation and communications	2,115,552	852,938	92,915	265	71,995	13,402	54	53,449	3,200,570
Banks and other financial institutions	2,670,218	603,291	2,105	387	213,431	201		11,633	3,501,266
Government and public institutions	6,857,436	11,125		43,164					6,911,725
Other industries	1,203,546	897,378	3,137	2,107,898	11,462	515	90,990	4,033	4,318,959
Individuals		189,208	11,097,497	183,133	47,078	125,277	4,363	264,200	11,910,756
<b>Total domestic</b>	<b>22,588,382</b>	<b>12,827,363</b>	<b>12,490,881</b>	<b>2,907,792</b>	<b>1,621,991</b>	<b>280,107</b>	<b>105,271</b>	<b>1,154,932</b>	<b>53,976,719</b>
Foreign:									
<b>Total foreign</b>	<b>6,310,641</b>	<b>3,176,830</b>	<b>3,409</b>	<b>1,404,505</b>	<b>960,170</b>	<b>191</b>	<b>91,223</b>	<b>154,885</b>	<b>12,101,854</b>
<b>Total</b>	<b>28,899,023</b>	<b>16,004,193</b>	<b>12,494,290</b>	<b>4,312,297</b>	<b>2,582,161</b>	<b>280,298</b>	<b>196,494</b>	<b>1,309,817</b>	<b>66,078,573</b>

Notes:

- (1) Special attention obligors are watch obligors with debt in TDR or 90 days or more delinquent debt. Loans to such obligors are considered impaired.
- (2) Amounts represent small balance, homogeneous loans which are subject to pool allocations.
- (3) Non-impaired loans held by subsidiaries other than MHBK, MHCB and MHTB constitute Other, since their portfolio segments are not identical to those used by MHBK, MHCB and MHTB.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***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 table below presents impaired loans information at March 31, 2011 and 2012.

	Recorded investment <sup>(1)</sup>		Total	Unpaid principal balance <sup>(3)</sup>	Related allowance	Average recorded investment	Interest income recognized <sup>(4)</sup>
	Requiring an allowance for loan losses	Not requiring an allowance for loan losses <sup>(2)</sup>					
(in millions of yen)							
<b>2011</b>							
Domestic:							
Manufacturing	294,921	14,760	309,681	347,679	112,080	289,327	4,991
Construction and real estate	203,948	60,849	264,797	322,175	54,752	282,638	4,675
Services	93,168	14,736	107,904	132,786	30,783	149,132	2,297
Wholesale and retail	162,326	14,266	176,592	218,619	63,289	167,998	3,359
Transportation and communications	47,879	5,803	53,682	59,742	21,517	106,822	1,383
Banks and other financial institutions	3,353	54	3,407	4,841	1,388	13,417	95
Other industries	574	473	1,047	2,211	178	1,224	7
Individuals	118,013	171,773	289,786	321,901	11,220	246,913	4,101
Total domestic	924,182	282,714	1,206,896	1,409,954	295,207	1,257,471	20,908
Foreign:							
Total foreign	103,104	12,569	115,673	124,003	38,137	117,415	2,173
Total	1,027,286	295,283	1,322,569	1,533,957	333,344	1,374,886	23,081
<b>2012</b>							
Domestic:							
Manufacturing	287,471	9,235	296,706	318,736	103,601	301,383	4,397
Construction and real estate	158,339	47,147	205,486	246,189	43,770	232,473	3,167
Services	105,809	13,078	118,887	139,842	33,233	117,306	2,346
Wholesale and retail	188,231	12,307	200,538	221,300	74,235	190,179	3,590
Transportation and communications	47,103	6,346	53,449	56,814	18,720	55,136	1,125
Banks and other financial institutions	11,577	56	11,633	12,761	5,105	8,385	348
Other industries	3,995	38	4,033	4,137	3,668	3,144	55
Individuals	134,886	129,314	264,200	296,466	12,461	276,518	5,237
Total domestic	937,411	217,521	1,154,932	1,296,245	294,793	1,184,524	20,265
Foreign:							
Total foreign	141,572	13,313	154,885	157,887	62,047	134,614	3,158

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Total	1,078,983	230,834	1,309,817	1,454,132	356,840	1,319,138	23,423
-------	-----------	---------	-----------	-----------	---------	-----------	--------

### Notes:

- (1) Amounts also represent the outstanding balances of nonaccrual loans. The MHFG Group's policy for placing loans in nonaccrual status is completely corresponded to the Group's definition of impaired loans.
- (2) These impaired loans do not require an allowance for loan losses because the MHFG Group has sufficient collateral to cover probable loan losses.
- (3) The MHFG Group amended the unpaid principal balances to correct an immaterial error from the prior year. The amounts in the unpaid principal balance column as of March 31, 2011 were reduced in total by ¥210,161 million. This amendment did not impact the beginning or ending balance of allowance for loan losses and the amounts recorded in the consolidated financial statements of the Group.
- (4) Amounts represent gross interest income on impaired loans which were included in Interest income on loans.
- (5) Certain impaired loans information for requiring and not requiring an allowance for loan losses for the fiscal year ended March 31, 2011 have been aggregated to conform to the current period's presentation.

F-37

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The remaining balance of impaired loans which had been partially charged off was ¥58,474 million as of March 31, 2012.

*Troubled debt restructurings*

The MHFG Group considers restructuring, with respect to which concessions that it would not otherwise consider were granted to obligors in financial difficulty, as TDR. The Group considers the relevant obligor to be in financial difficulty when its obligor rating is at E2 or below. The following table presents TDRs that were made during the fiscal year ended March 31, 2012.

	Loan forgiveness or debt to equity swaps		Interest rate reduction and/or Postponement of principal and/or interest
	Recorded investment <sup>(Note)</sup>	Charge-offs (in millions of yen)	
Domestic:			
Manufacturing	9,467	7,578	189,978
Construction and real estate			74,399
Services			109,576
Wholesale and retail	2,793	1,441	233,703
Transportation and communications			53,644
Banks and other financial institutions			23,789
Other industries			3,652
Individuals			60,209
Total domestic	12,260	9,019	748,950
Foreign:			
Total foreign			69,576
Total	12,260	9,019	818,526

Note: Amounts represent book values of loans immediately after the restructurings.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Payment default is deemed to occur when the loan becomes three months past due or the obligor is downgraded to category of substantially bankrupt or bankrupt. The following table presents payment defaults occurred during the fiscal year ended March 31, 2012 with respect to the loans modified as TDR within the previous twelve months.

	<b>Recorded investment (in millions of yen)</b>
Domestic:	
Manufacturing	7,337
Construction and real estate	4,116
Services	7,863
Wholesale and retail	9,999
Transportation and communications	20,278
Banks and other financial institutions	
Other industries	
Individuals	800
Total domestic	50,393
Foreign:	
Total foreign	3,475
Total	53,868

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Age analysis of past due loans*

The table below presents an analysis of the age of the recorded investment in loans that are past due at March 31, 2011 and 2012:

	30-59 days past due	60-89 days past due	90 days or more past due (in millions of yen)	Total past due	Current	Total
<b>2011</b>						
Domestic:						
Manufacturing	1,847	2,613	29,306	33,766	7,583,373	7,617,139
Construction and real estate	6,537	8,125	103,607	118,269	7,190,055	7,308,324
Services	3,916	1,836	21,631	27,383	4,259,361	4,286,744
Wholesale and retail	4,662	4,891	30,707	40,260	5,273,506	5,313,766
Transportation and communications	1,151	1,060	7,980	10,191	3,218,011	3,228,202
Banks and other financial institutions	1	8	264	273	3,907,792	3,908,065
Government and public institutions					7,154,049	7,154,049
Other industries	100	1	671	772	3,757,768	3,758,540
Individuals	42,851	22,411	137,040	202,302	11,979,249	12,181,551
Total domestic	61,065	40,945	331,206	433,216	54,323,164	54,756,380
Foreign:						
Total foreign	8,550	6,224	14,975	29,749	9,985,312	10,015,061
Total	69,615	47,169	346,181	462,965	64,308,476	64,771,441
<b>2012</b>						
Domestic:						
Manufacturing	3,587	2,409	46,353	52,349	7,534,259	7,586,608
Construction and real estate	6,395	4,864	59,307	70,566	7,199,848	7,270,414
Services	3,325	2,436	14,571	20,332	3,960,947	3,981,279
Wholesale and retail	5,577	2,212	17,745	25,534	5,269,608	5,295,142
Transportation and communications	630	5,859	7,591	14,080	3,186,490	3,200,570
Banks and other financial institutions			6	6	3,501,260	3,501,266
Government and public institutions					6,911,725	6,911,725
Other industries	62		174	236	4,318,723	4,318,959
Individuals	41,802	23,189	85,964	150,955	11,759,801	11,910,756
Total domestic	61,378	40,969	231,711	334,058	53,642,661	53,976,719
Foreign:						
Total foreign	2,137	5,728	14,531	22,396	12,079,458	12,101,854
Total	63,515	46,697	246,242	356,454	65,722,119	66,078,573



**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**6. Allowance for loan losses**

In accordance with ASC 450, a formula-based allowance utilizing historical loss factors, after adjusted for existing economic conditions where appropriate, is applied to groups of non-homogeneous loans and small balance, homogeneous loans which have not been identified as impaired. In MHBK, MHCB and MHTB, when management estimates probable credit losses to determine the allowance for loan losses, small balance, homogeneous loans are classified in the retail portfolio segment to which pool allocations apply, and loans other than classified in the retail portfolio segment are classified in the corporate portfolio segment. The corporate portfolio segment consists of loans originated by MHBK, MHCB and MHTB, and includes mainly business loans such as those used for working capital and capital expenditure, as well as loans for which the primary source of repayment of the obligation is income generated by the relevant assets such as project finance, asset finance and real estate finance. The retail portfolio segment consists mainly of residential mortgage loans, originated by MHBK. The other portfolio segment consists of loans of subsidiaries other than MHBK, MHCB and MHTB, such as consolidated VIEs and overseas subsidiaries. See Note 1 Basis of presentation and summary of significant accounting policies for further detail of the methodology used to determine allowance for loan losses and Note 5 Loans for further detail of obligor ratings and pool allocations.

F-41

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Changes in Allowance for loan losses for the fiscal years ended March 31, 2010, 2011 and 2012 and their breakdown by portfolio segment for the fiscal years ended March 31, 2011 and 2012 are shown below:

	Corporate	Retail (in millions of yen)	Other	Total
<b>2010</b>				
Balance at beginning of fiscal year				869,786
Provision (credit) for loan losses				222,102
Charge-offs				260,491
Less: Recoveries				53,808
Net charge-offs				206,683
Others <sup>(2)</sup>				(5,772)
Balance at end of fiscal year				879,433
<b>2011</b>				
Balance at beginning of fiscal year	736,630	119,749	23,054	879,433
Provision (credit) for loan losses	(47,532)	33,352	14,827	647
Charge-offs	163,269	3,258	18,063	184,590
Less: Recoveries	45,213	1,499	934	47,646
Net charge-offs	118,056	1,759	17,129	136,944
Others <sup>(2)</sup>	(7,926)		(680)	(8,606)
Balance at end of fiscal year	563,116	151,342	20,072	734,530
<b>2012</b>				
Balance at beginning of fiscal year	563,116	151,342	20,072	734,530
Provision (credit) for loan losses	(19,433)	(21,375)	17,764	(23,044)
Charge-offs	54,599	5,133	20,410	80,142
Less: Recoveries	48,354	1,442	2,460	52,256
Net charge-offs	6,245	3,691	17,950	27,886
Others <sup>(2)</sup>	(1,963)		1,055	(908)

Balance at end of fiscal year	535,475	126,276	20,941	682,692
-------------------------------	---------	---------	--------	---------

Notes:

- (1) Prior impaired loans portfolio segment has been disaggregated into corporate and retail portfolio segments.
- (2) Others include primarily foreign exchange translation.
- (3) Certain Allowance for loan losses booked in other portfolio segment is classified in retail portfolio segment, as such allowance is set for loans in retail portfolio segment. The amounts for the fiscal year ended March 31, 2011 have been modified to conform to the current period's presentation.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The table below presents Allowance for loan losses and loans outstanding by portfolio segment disaggregated on the basis of impairment method at March 31, 2011 and 2012:

	Corporate	Retail (in millions of yen)	Other	Total
<b>2011</b>				
Allowance for loan losses	563,116	151,342	20,072	734,530
of which individually evaluated for impairment	246,622	45,304	8,599	300,525
of which collectively evaluated for impairment	316,494	106,038	11,473	434,005
Loans <sup>(2)</sup>	47,402,056	13,162,377	4,207,008	64,771,441
of which individually evaluated for impairment	718,058	106,817	51,421	876,296
of which collectively evaluated for impairment	46,683,998	13,055,560	4,155,587	63,895,145
<b>2012</b>				
Allowance for loan losses	535,475	126,276	20,941	682,692
of which individually evaluated for impairment	252,853	23,396	9,333	285,582
of which collectively evaluated for impairment	282,622	102,880	11,608	397,110
Loans <sup>(2)</sup>	48,572,906	12,959,663	4,546,004	66,078,573
of which individually evaluated for impairment	667,824	55,149	43,074	766,047
of which collectively evaluated for impairment	47,905,082	12,904,514	4,502,930	65,312,526

## Notes:

- (1) Prior impaired loans portfolio segment has been disaggregated into corporate and retail portfolio segments.
- (2) Amounts represent loan balances before deducting unearned income and deferred loan fees.
- (3) Certain Allowance for loan losses booked in other portfolio segment is classified in retail portfolio segment, as such allowance is set for loans in retail portfolio segment. The amounts for the fiscal year ended March 31, 2011 have been modified to conform to the current period's presentation.
- (4) Certain loans are reclassified among portfolio segments as well as among impairment methods. The amounts for the fiscal year ended March 31, 2011 have been modified to conform to the current period's presentation.

Due mainly to an improvement in economic conditions, the amount of Provision for loan losses and charge-offs significantly decreased in the fiscal year ended March 31, 2010.

In the fiscal years ended March 31, 2011 and 2012, Provision for loan losses decreased by ¥221,445 million and ¥23,691 million, respectively, from the previous fiscal years. Both of the decreases were due mainly to upgrades in the obligor category of a broad range of borrowers as a result of the effectiveness of the MHFG Group's credit management activities which was enhanced against the backdrop of the improving domestic economic environment, reflecting the continuing gradual recovery of the Japanese economy.





**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****7. Premises and equipment**

Premises and equipment at March 31, 2011 and 2012 consist of the following:

	<b>2011</b>	<b>2012</b>
	<b>(in millions of yen)</b>	
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
<b>Total</b>	<b>2,244,118</b>	<b>2,255,562</b>
Less: Accumulated depreciation and amortization	1,129,914	1,150,693
<b>Premises and equipment net</b>	<b>1,114,204</b>	<b>1,104,869</b>

Depreciation and amortization expense for premises and equipment for the fiscal years ended March 31, 2010, 2011 and 2012 was ¥156,393 million, ¥162,128 million and ¥160,231 million, respectively.

Premises and equipment under capital leases, which is primarily comprised of data processing equipment, amounted to ¥47,074 million and ¥45,392 million at March 31, 2011 and 2012, respectively. Accumulated depreciation and amortization on such premises and equipment at March 31, 2011 and 2012 amounted to ¥28,954 million and ¥28,254 million, respectively.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. Goodwill and intangible assets***Goodwill*

The changes in Goodwill during the fiscal years ended March 31, 2010, 2011 and 2012 were as follows:

	Global Corporate Group	Global Retail Group	Total
	(in millions of yen)		
<b>2010</b>			
Balance at beginning of fiscal year		15,016	15,016
Goodwill acquired			
Impairment losses recognized			
Foreign exchange translation			
Balance at end of fiscal year		15,016	15,016
Gross amount of goodwill	25,715	39,559	65,274
Accumulated impairment losses	25,715	24,543	50,258
<b>2011</b>			
Balance at beginning of fiscal year		15,016	15,016
Goodwill acquired <sup>(1)</sup>	1,973		1,973
Impairment losses recognized		9,379	9,379
Foreign exchange translation			
Balance at end of fiscal year	1,973	5,637	7,610
Gross amount of goodwill	27,688	39,559	67,247
Accumulated impairment losses	25,715	33,922	59,637
<b>2012</b>			
Balance at beginning of fiscal year	1,973	5,637	7,610
Goodwill acquired <sup>(2)</sup>		3,776	3,776
Impairment losses recognized		5,637	5,637
Foreign exchange translation	(130)	16	(114)
Balance at end of fiscal year	1,843	3,792	5,635
Gross amount of goodwill	27,558	43,351	70,909
Accumulated impairment losses	25,715	39,559	65,274

Notes:

(1) Goodwill acquired is entirely related to the acquisition of Eurekaledge Pte, LTD.

(2) Goodwill acquired is entirely related to the acquisition of PT. Mizuho Balimor Finance.

Due to prolonged severe business environment for MHIS, it was determined that the carrying amount of the MHIS operating segment exceeded its fair value, and therefore, goodwill impairment losses of ¥9,379 million and ¥5,637 million were recognized in the Global Retail Group during the fiscal years ended March 31, 2011 and 2012, respectively.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Intangible assets*

The table below presents the gross carrying amount, accumulated amortization and net carrying amount of intangible assets, at March 31, 2011 and 2012.

	Gross carrying amount	2011 Accumulated amortization	Net carrying amount (in millions of yen)	Gross carrying amount	2012 Accumulated amortization	Net carrying amount
<b>Intangible assets subject to amortization:</b>						
Customer relationships <sup>(Note)</sup>	73,949	8,347	65,602	73,949	13,721	60,228
Other	2,587	2,190	397	2,399	2,071	328
<b>Total</b>	<b>76,536</b>	<b>10,537</b>	<b>65,999</b>	<b>76,348</b>	<b>15,792</b>	<b>60,556</b>
<b>Intangible assets not subject to amortization:</b>						
<b>Total</b>	<b>9,768</b>		<b>9,768</b>	<b>9,744</b>		<b>9,744</b>
<b>Total</b>	<b>86,304</b>	<b>10,537</b>	<b>75,767</b>	<b>86,092</b>	<b>15,792</b>	<b>70,300</b>

Note: Customer relationships were acquired by the merger of MHSC and Shinko. See Note 3 Business combination for further information. For the fiscal years ended March 31, 2010, 2011, and 2012, the MHFG Group recognized ¥3,917 million, ¥5,292 million, and ¥5,490 million, respectively, of amortization expenses for intangible assets.

The table below presents the estimated aggregate amortization expenses for intangible assets for the next five years:

	(in millions of yen)
<b>Fiscal year ending March 31:</b>	
2013	5,572
2014	5,669
2015	5,331
2016	5,039
2017	4,761

**9. Pledged assets and collateral**

The following amounts, by balance sheet classifications, have been pledged as collateral for borrowings and for other purposes at March 31, 2011 and 2012:

**2011      2012**

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

	(in billions of yen)	
Interest-bearing deposits in other banks	52	47
Trading account assets	9,747	12,189
Available-for-sale securities	18,000	17,922
Loans	9,520	9,107
Other assets	649	1,009
 Total	 37,968	 40,274

F-46

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The associated liabilities collateralized by the above assets at March 31, 2011 and 2012 are summarized below:

	2011 (in billions of yen)	2012 (in billions of yen)
Deposits	825	450
Call money and funds purchased	1,878	1,596
Payables under repurchase agreements	4,599	5,393
Payables under securities lending transactions	4,750	7,635
Other short-term borrowings	9,301	9,825
Long-term debt	4,989	3,129
<b>Total</b>	<b>26,342</b>	<b>28,028</b>

The Bank of Japan ( the BOJ ) requires private depository institutions to maintain a certain amount of funds as reserves in current accounts with the BOJ, based on average deposit balances and certain other factors. There are similar reserve deposit requirements for foreign offices engaged in banking businesses in foreign countries. At March 31, 2011 and 2012, the reserve funds maintained by the MHFG Group, which were included in Cash and due from banks and Interest-bearing deposits in other banks, were ¥7,847 billion and ¥5,656 billion, respectively.

At March 31, 2011 and 2012, the MHFG Group had received collateral that can be sold or repledged, with a fair value of ¥15,275 billion and ¥14,704 billion, respectively, of which ¥13,504 billion and ¥11,859 billion, respectively, were sold or repledged. Such collateral was primarily obtained under resale or securities borrowing agreements, and was used generally as collateral under repurchase or securities lending agreements, or to cover short sales.

**10. Deposits**

The balances of time deposits and certificates of deposit issued by domestic offices in amounts of ¥10 million (approximately US\$121 thousand at the Federal Reserve Bank of New York's noon buying rate on March 31, 2012) or more as well as the balances of those deposits issued by foreign offices in amounts of US\$100,000 or more at March 31, 2011 and 2012 are as follows:

	2011 (in millions of yen)	2012 (in millions of yen)
<b>Domestic offices:</b>		
Time deposits	17,655,932	17,232,463
Certificates of deposit	7,853,270	8,397,493
<b>Total</b>	<b>25,509,202</b>	<b>25,629,956</b>
<b>Foreign offices:</b>		
Time deposits	6,166,293	6,420,138
Certificates of deposit	1,796,966	3,427,254
<b>Total</b>	<b>7,963,259</b>	<b>9,847,392</b>

The aggregate amount of demand deposits in overdraft status that have been reclassified as loan balances at March 31, 2011 and 2012 was ¥582 billion and ¥540 billion, respectively.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The balance and remaining maturities of time deposits and certificates of deposit issued by domestic and foreign offices at March 31, 2012 are shown in the following table:

	Time deposits	Certificates of deposit (in millions of yen)	Total
<b>Domestic offices:</b>			
Due in one year or less	23,124,190	8,396,843	31,521,033
Due after one year through two years	1,881,506	650	1,882,156
Due after two years through three years	1,498,412		1,498,412
Due after three years through four years	386,194		386,194
Due after four years through five years	403,424		403,424
Due after five years	134,283		134,283
<b>Total</b>	<b>27,428,009</b>	<b>8,397,493</b>	<b>35,825,502</b>
<b>Foreign offices:</b>			
Due in one year or less	6,405,155	3,427,254	9,832,409
Due after one year through two years	13,479		13,479
Due after two years through three years	1,037		1,037
Due after three years through four years	1,678		1,678
Due after four years through five years	1,723		1,723
Due after five years	796		796
<b>Total</b>	<b>6,423,868</b>	<b>3,427,254</b>	<b>9,851,122</b>
<b>Total</b>	<b>33,851,877</b>	<b>11,824,747</b>	<b>45,676,624</b>

**11. Debentures**

MHBK and MHC B issued debentures denominated in Japanese yen with fixed interest rate to private investors as a source of funding for their operational needs. The following table presents interest rates and maturities of debentures:

	Interest rates (%)		Maturities	2011 (in millions of yen)	2012
Five-year coupon debentures	0.06	0.66	Apr.2011-Apr.2016	740,933	

Notes:

- (1) Interest rates and maturities shown are as of March 31, 2011.
- (2) All debentures of ¥740,933 million at March 31, 2011 either matured, or were transferred to time deposits or withdrawn before maturity during the fiscal year ended March 31, 2012.

**12. Due to trust accounts**



## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

MHTB and TCSB, which are MHFG's subsidiary trust banks, hold assets on behalf of their customers in an agent, fiduciary or trust capacity. Such trust account assets are not the MHFG Group's proprietary assets and are managed and accounted for separately. However, the cash of individual trust accounts is often placed with MHTB and TCSB for the customers' short-term investment needs. These amounts which MHTB and TCSB owe to the trust accounts are recorded as Due to trust accounts.

On April 1, 2010, the MHFG Group consolidated certain guaranteed principal money trusts. See Note 26 Variable interest entities and securitizations for further discussion of the guaranteed principal money trust.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****13. Long-term debt**

Long-term debt with original maturities of more than one year at March 31, 2011 and 2012 is comprised of the following:

	2011	2012
	(in millions of yen)	
Obligations under capital leases	23,794	20,851
Loan participation borrowings	69,937	59,517
Senior borrowings and bonds	4,550,298	4,438,602
Subordinated borrowings and bonds	4,309,467	3,942,848
<b>Total</b>	<b>8,953,496</b>	<b>8,461,818</b>

The following table presents interest rates and maturities of senior borrowings and bonds, and subordinated borrowings and bonds:

	Interest rates (1) (%)	Maturities (2)	2011	2012
			(in millions of yen)	
<b>Senior borrowings and bonds:</b>				
fixed rate denominated in Japanese yen	0-9.60	Apr. 2012-Jul. 2040	3,007,615	2,884,693
fixed rate denominated in U.S. dollars	0-7.49	Sep. 2012-Sep. 2038	5,288	126,371
fixed rate denominated in other currencies	0.60-4.58	Apr. 2012-Sep. 2014	11,243	63
floating rate denominated in Japanese yen	0-14	Apr. 2012-Mar. 2042	1,231,317	1,117,315
floating rate denominated in U.S. dollars	0-10	Apr. 2012-Jul. 2047	294,202	309,567
floating rate denominated in other currencies	0-1.81	Nov. 2012-May 2015	633	593
<b>Total</b>			<b>4,550,298</b>	<b>4,438,602</b>
<b>Subordinated borrowings and bonds:</b>				
fixed rate denominated in Japanese yen	1.31-4.74	Apr. 2012-Perpetual	3,536,156	3,366,558
fixed rate denominated in U.S. dollars	5.89-14.91	Apr. 2014-Perpetual	246,290	243,299
fixed rate denominated in Euro			59,588	
floating rate denominated in Japanese yen	0.60-3.88	Mar. 2013-Perpetual	406,318	331,348
floating rate denominated in U.S. dollars	1.49-1.49	Dec. 2017-Jan. 2018	61,115	1,643
<b>Total</b>			<b>4,309,467</b>	<b>3,942,848</b>
<b>Total</b>			<b>8,859,765</b>	<b>8,381,450</b>

Notes:

(1) The interest rates shown are the range of contractual rates in effect at March 31, 2012.

(2) Maturity information shown is the range of maturities at March 31, 2012.

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

- (3) None of the long-term debt issues listed above is convertible to common stock.
- (4) Certain debt agreements permit the MHFG Group to redeem the related debt, in whole or in part, prior to maturity at the MHFG Group's option on terms specified in the respective agreements.

F-49

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following is a summary of contractual maturities of long-term debt subsequent to March 31, 2012:

	(in millions of yen)
Fiscal years ending March 31:	
2013	884,573
2014	764,019
2015	1,114,695
2016	1,102,843
2017	751,903
2018 and thereafter	3,843,785
Total	8,461,818

**14. Other assets and liabilities**

The following table sets forth the details of other assets and liabilities at March 31, 2011 and 2012:

	2011	2012
	(in millions of yen)	
Other assets:		
Collateral provided for derivative transactions	529,967	822,358
Accounts receivable from brokers, dealers and customers for securities transactions	841,542	815,064
Financial Stabilization Funds	330,153	189,146
Security deposits	106,881	106,682
Miscellaneous receivables	84,861	70,660
Loans held for sale	10,411	6,650
Other	437,734	573,355
Total	2,341,549	2,583,915
Other liabilities:		
Accounts payable to brokers, dealers and customers for securities transactions	1,424,490	1,865,871
Guaranteed trust principal	578,283	550,869
Factoring amounts owed to customers	335,944	371,602
Collateral accepted for derivative transactions	322,960	366,928
Miscellaneous payables	249,487	296,690
Unearned income	146,536	141,967
Matured debentures	150,241	115,933
Accrued pension liability	102,392	27,060
Other	768,556	807,842
Total	4,078,889	4,544,762

*Financial Stabilization Funds*

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

The Financial Stabilization Funds were initiated in 1996 by the Japanese government in connection with the liquidation of certain failed housing-loan companies. Several financial institutions including the BOJ were required by the Japanese government to invest in these Funds in an effort to stabilize the effects on the Japanese economy. The returns from the investment of the Funds are first to be used to make up for a part of the losses

F-50

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

incurred as the housing-loan companies' loans are collected and disposed of. The Funds are principally invested in Japanese government bonds, but the investment income earned by the Funds does not accrue to the MHFG Group, and as a result, the deposits are noninterest-bearing.

The MHFG Group made deposits with the Funds amounting to ¥359,017 million during the fiscal year ended March 31, 1997. The deposits were expected to mature in 15 years from the deposit date. The deposits were discounted to their present value at the time of the deposit and the discount was accreted over the expected period to maturity using the interest method. The carrying amount of the deposits as of March 31, 2011 was ¥330,153 million. ¥149,017 million of the deposits was collected during the fiscal year ended March 31, 2012, and the remaining carrying amount of the deposits as of March 31, 2012 of ¥189,146 million was collected in June 2012.

*Unearned income*

Unearned income is primarily comprised of refundable fees received from consumer loan customers at the time the loan was made, which is being deferred and recognized in earnings as earned.

*Matured debentures*

Matured debentures represent the principal balance of debentures that have reached maturity but have not yet been repaid to customers.

*Guaranteed trust principal*

Guaranteed trust principal is the liability of certain consolidated trust arrangements, which the MHFG Group provides guarantees for the repayment of principal. See Note 26 Variable interest entities and securitizations for further discussion of the guaranteed principal money trust.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****15. Preferred stock**

The composition of preferred stock at March 31, 2010, 2011 and 2012 is as follows:

<b>2010</b>	<b>Class of stock</b>	<b>Aggregate amount (in millions of yen)</b>	<b>Authorized</b>	<b>Number of shares</b>		<b>Liquidation value per share (in yen)</b>	<b>Convertible or not</b>
				<b>Issued</b>	<b>In treasury</b>		
	Eleventh series class XI preferred stock (Note)	914,752	1,369,512,000	914,752,000	415,471,000	1,000	Yes
	Class XII preferred stock		1,500,000,000				
	Thirteenth series class XIII preferred stock	36,690	1,500,000,000	36,690,000		1,000	No
	<b>Total</b>	<b>951,442</b>	<b>4,369,512,000</b>	<b>951,442,000</b>	<b>415,471,000</b>		
<b>2011</b>	<b>Class of stock</b>	<b>Aggregate amount (in millions of yen)</b>	<b>Authorized</b>	<b>Number of shares</b>		<b>Liquidation value per share (in yen)</b>	<b>Convertible or not</b>
				<b>Issued</b>	<b>In treasury</b>		
	Eleventh series class XI preferred stock (Note)	914,752	1,369,512,000	914,752,000	497,866,000	1,000	Yes
	Class XII preferred stock		1,500,000,000				
	Thirteenth series class XIII preferred stock	36,690	1,500,000,000	36,690,000		1,000	No
	<b>Total</b>	<b>951,442</b>	<b>4,369,512,000</b>	<b>951,442,000</b>	<b>497,866,000</b>		
<b>2012</b>	<b>Class of stock</b>	<b>Aggregate amount (in millions of yen)</b>	<b>Authorized</b>	<b>Number of shares</b>		<b>Liquidation value per share (in yen)</b>	<b>Convertible or not</b>
				<b>Issued</b>	<b>In treasury</b>		
	Eleventh series class XI preferred stock (Note)	914,752	1,369,512,000	914,752,000	541,073,800	1,000	Yes
	Class XII preferred stock		1,500,000,000				
	Thirteenth series class XIII preferred stock	36,690	1,500,000,000	36,690,000		1,000	No
	<b>Total</b>	<b>951,442</b>	<b>4,369,512,000</b>	<b>951,442,000</b>	<b>541,073,800</b>		

Note: The aggregate amount and number of issued shares include the preferred stock in treasury which has been converted to common stock but not yet cancelled.

Holders or registered pledgees of preferred stock are entitled to receive annual dividends, and distribution of residual assets of MHFG as set out above as liquidation value per share, in priority to holders of common stock but pari passu among themselves. MHFG may pay up to one-half of

the annual dividend payable on each class of preferred stock as an interim dividend. Dividends on preferred stock are not cumulative. Holders of preferred stock are not entitled to vote at a general meeting of shareholders except where the articles of incorporation entitle holders of preferred stock to vote.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Thirteenth series class XIII preferred stock is callable (in full or in part) at the option of the issuer after April 1, 2013. Call price is the sum of the liquidation value per share and the accrued dividend. Accrued dividend is calculated on a daily basis starting on the first day of the fiscal period in which the call date belongs and ending on the call date. If an interim dividend is paid during that fiscal period, the amount of this interim dividend will be subtracted from the accrued dividend.

Eleventh series class XI preferred stock is convertible into common stock at the option of the holder. Material terms and conditions of conversion are as follows.

	<b>Conversion period</b>	<b>Conversion ratio</b> <sup>(Note)</sup>
Eleventh series class XI preferred stock	July 1, 2008 to June 30, 2016	¥1,000/(conversion price), where the conversion price after adjustment is ¥282.90 on or after August 30, 2011; to be reset on July 1 of each year between 2012 and 2015 (each, a Reset Date ) as ¥1,000/(conversion price), where the conversion price is the lower of (x) the average price of daily closing prices (including closing bid or offered price) of common stock as reported by the Tokyo Stock Exchange ( TSE ) for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to the Reset Date and (y) the conversion price after adjustment effective as of the day before the relevant Reset Date, provided that the conversion price shall not be less than ¥282.90.

Note: Subject to adjustment, where issuance or disposal by MHFG of common stock for a price below the current market price , a stock split, issuance of securities convertible into common stock at a price below the current market price at the time of issuance thereof or determination of the conversion price thereof, merger or amalgamation, or a capital decrease or stock consolidation occurs and in certain other circumstances.

Each share of preferred stock which has not been converted as described above by the end of the relevant conversion period will be converted into common stock on the day following the end of the conversion period on the following terms:

	<b>Conversion date</b>	<b>Conversion ratio</b>
Eleventh series class XI preferred stock	July 1, 2016	¥1,000/(current market price), where the current market price is the average price of daily closing prices (including closing bid or offered price) of common stock as reported by the TSE for the 30 consecutive trading days (excluding trading days on which no closing price, closing bid or offered price is reported) commencing on the 45th trading day prior to July 1, 2016, provided that the current market price shall not be less than ¥282.90.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The changes in the number of shares and the aggregate amount of preferred stock during the fiscal years ended March 31, 2010, 2011 and 2012 were as follows:

Class of stock	Issued at March 31, 2009	Net change	Issued at March 31, 2010	Net change (number of shares)	Issued at March 31, 2011	Net change	Issued at March 31, 2012
Eleventh series class XI preferred stock (Note)	914,752,000		914,752,000		914,752,000		914,752,000
Thirteenth series class XIII preferred stock	36,690,000		36,690,000		36,690,000		36,690,000
Total	951,442,000		951,442,000		951,442,000		951,442,000

Class of stock	Aggregate amount at March 31, 2009	Net change	Aggregate amount at March 31, 2010	Net change (in millions of yen)	Aggregate amount at March 31, 2011	Net change	Aggregate amount at March 31, 2012
Eleventh series class XI preferred stock (Note)	914,752		914,752		914,752		914,752
Thirteenth series class XIII preferred stock	36,690		36,690		36,690		36,690
Total	951,442		951,442		951,442		951,442

Note: The aggregate amount and number of issued shares include the preferred stock in treasury which has been converted to common stock but not yet cancelled.

**16. Common stock**

On September 1, 2011, MHFG exchanged 824,271,984 shares of its common stock for 30.15 percent of the voting equity interests in MHTB, in order to turn MHTB into MHFG's wholly-owned subsidiary. This transaction was accounted for as an equity transaction. The consideration through issuance of common stock was ¥95,828 million and the MHFG Group recognized decrease of ¥65,494 million in additional paid-in capital which reflects the adjustment to the carrying amount of Noncontrolling interests. In addition, the carrying amount of Accumulated other comprehensive income of ¥958 million was adjusted to reflect the change in the ownership interest in MHTB through a corresponding increase in additional paid-in capital.

On September 1, 2011, MHCB exchanged 951,166,005 shares of MHFG's common stock for 40.80 percent of the voting equity interests in MHSC, in order to turn MHSC into MHCB's wholly-owned subsidiary. This transaction was accounted for as an equity transaction. The consideration through issuance of common stock was ¥110,379 million and the Group recognized increase of ¥38,423 million in additional paid-in capital which reflects the adjustment to the carrying amount of Noncontrolling interests. In addition, the carrying amount of Accumulated other comprehensive income of ¥2,178 million was adjusted to reflect the change in the ownership interest in MHSC through a corresponding decrease in additional paid-in capital.

On September 1, 2011, MHBK exchanged 322,928,897 shares of MHFG's common stock for 46.02 percent of the voting equity interests in MHIS, in order to turn MHIS into MHBK's wholly-owned subsidiary. This transaction was accounted for as an equity transaction. The consideration through issuance of common stock was ¥37,497 million and the Group recognized increase of ¥11,599 million in additional paid-in capital which reflects the adjustment to the carrying amount of Noncontrolling interests. In addition, the carrying amount of

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Accumulated other comprehensive income of ¥744 million was adjusted to reflect the change in the ownership interest in MHIS through a corresponding increase in additional paid-in capital.

F-54

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The changes in the number of issued shares of common stock during the fiscal years ended March 31, 2010, 2011 and 2012 were as follows:

	2010	2011 (shares)	2012
Balance at beginning of fiscal year	11,178,940,660	15,494,397,690	21,782,185,320
Issuance of new shares of common stock by conversion of Eleventh series class XI preferred stock	1,315,457,030	287,787,630	151,921,540
Issuance of new shares of common stock by exercise of stock acquisition rights			4,748,000
Issuance of new shares of common stock by public offering	2,804,400,000	5,609,000,000	
Issuance of new shares of common stock by way of third-party allotment	195,600,000	391,000,000	
Issuance of new shares of common stock for stock exchanges			2,109,310,867
Balance at end of fiscal year	15,494,397,690	21,782,185,320	24,048,165,727

**17. Dividends**

The amount available for dividends under the Company Law is based on the amount recorded in MHFG's non-consolidated general books of account, maintained in accordance with accounting principles generally accepted in Japan ( Japanese GAAP ) and adjusted by post period-end changes. Therefore, the consolidated shareholders' equity under U.S. GAAP has no effect on the determination of the amount available for dividends. On March 31, 2012, MHFG's capital stock, capital surplus and retained earnings were ¥2,254,973 million, ¥1,194,865 million and ¥1,235,038 million, respectively, under Japanese GAAP.

In making a distribution of retained earnings, an entity must set aside in its legal reserve an amount equal to one-tenth of the amount of retained earnings so distributed, until its legal reserve reaches to one-quarter of its capital stock. MHFG's legal reserve at March 31, 2012 was ¥1,199,215 million, of which ¥1,194,865 million was included in capital surplus and ¥4,350 million in retained earnings.

In addition to the provision that requires an appropriation for legal reserve, the Company Law and the Banking Law impose certain limitations on the amount available for dividends. Under the Company Law, MHFG's maximum amount available for dividends, at March 31, 2012, was ¥1,225,235 million, based on the amount recorded in MHFG's general books of account under Japanese GAAP. Under the Banking Law and related regulations, MHFG has to meet the minimum capital adequacy requirements. Distributions of retained earnings, which are otherwise distributable to shareholders, are restricted in order to maintain the minimum 4.0% Tier 1 capital for capital adequacy purposes. See Note 18 Regulatory matters for further discussion of regulatory capital requirements.

Payment of dividends on shares of common stock is also subject to the prior payment of dividends on shares of preferred stock.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Dividends on preferred stock and common stock during the fiscal years ended March 31, 2010, 2011 and 2012 were as follows:

2010	Class of stock	Cash dividends	
		Per share (in yen)	In aggregate <sup>(2)</sup> (in millions of yen)
	Eleventh series class XI preferred stock	20	18,239
	Thirteenth series class XIII preferred stock	30	1,101
	Common stock	10	111,676
	Total		131,016

2011	Class of stock	Cash dividends	
		Per share (in yen)	In aggregate <sup>(2)</sup> (in millions of yen)
	Eleventh series class XI preferred stock	20	9,985
	Thirteenth series class XIII preferred stock	30	1,101
	Common stock	8	123,880
	Total		134,966

2012	Class of stock	Cash dividends <sup>(1)</sup>	
		Per share (in yen)	In aggregate <sup>(2)</sup> (in millions of yen)
	Eleventh series class XI preferred stock	30	12,173
	Thirteenth series class XIII preferred stock	45	1,651
	Common stock	9	202,684
	Total		216,508

Notes:

(1) As MHFG commenced to distribute an interim dividend from the fiscal year ended March 31, 2012, the amounts for the fiscal year include such interim dividends.

(2) Dividends paid on treasury stock are excluded.

**18. Regulatory matters**

*Regulatory capital requirements*

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

MHFG, MHCB, MHBK, and MHTB 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 the MHFG Group's consolidated financial statements.

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.

F-56

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Under the first pillar, the capital ratio is calculated by dividing regulatory capital by risk-weighted assets. With respect to the calculation of risk-weighted assets, the MHFG 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 the Group's 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. The 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 MHCN and MHTB, or on a consolidated basis for bank holding companies with international operations, such as MHFG.

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: 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 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 MHBK, 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 December 2008, the Financial Services Agency implemented special temporary measures, applicable through March 2012, which (i) allow Japanese banks and bank holding companies with international operations to elect not to add unrealized gains on valuation of bonds with a zero risk weighting to Tier 2 capital and not to deduct

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

unrealized losses on valuation of bonds with a zero risk weighting from Tier 1 capital, and (ii) require Japanese banks and bank holding companies with only domestic operations not to deduct unrealized losses on valuation of other securities under Japanese GAAP (including equity securities) from Tier 1 capital. The Japanese capital adequacy requirements applicable to Japanese banks and bank holding companies with only domestic operations do not allow unrealized gains on other securities to be added to Tier 2 capital before or after these special temporary measures.

In December 2010, the Basel Committee on Banking Supervision issued the Basel III rules text (later revised in June 2011), which sets out a framework for 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. In March 2012, the Financial Services Agency published revisions to its capital adequacy guidelines to be applied from March 31, 2013, which generally reflect certain rules in the Basel III text that are scheduled to be applied from January 1, 2013.

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.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

	2011		2012	
	Amount	Ratio	Amount	Ratio
(in billions of yen, except percentages)				
<b>Consolidated:</b>				
<b>MHFG:</b>				
<b>Tier 1 capital:</b>				
Required	2,068	4.00	2,007	4.00
Actual	6,170	11.93	6,398	12.75
<b>Total risk-based capital:</b>				
Required	4,136	8.00	4,013	8.00
Actual	7,911	15.30	7,773	15.49
<b>MHCB:</b>				
<b>Tier 1 capital:</b>				
Required	1,125	4.00	1,117	4.00
Actual	4,529	16.10	4,431	15.86
<b>Total risk-based capital:</b>				
Required	2,250	8.00	2,235	8.00
Actual	5,287	18.80	4,974	17.80
<b>MHBK:</b>				
<b>Tier 1 capital:</b>				
Required	457	2.00	426	2.00
Actual	2,375	10.38	2,428	11.39
<b>Total risk-based capital:</b>				
Required	915	4.00	852	4.00
Actual	3,411	14.91	3,307	15.52
<b>MHTB:</b>				
<b>Tier 1 capital:</b>				
Required	98	4.00	95	4.00
Actual	297	12.11	335	14.02
<b>Total risk-based capital:</b>				
Required	196	8.00	191	8.00
Actual	400	16.34	436	18.26
<b>Non-consolidated:</b>				
<b>MHCB:</b>				
<b>Tier 1 capital:</b>				
Required	1,025	4.00	1,013	4.00
Actual	4,054	15.82	4,135	16.32
<b>Total risk-based capital:</b>				
Required	2,049	8.00	2,026	8.00
Actual	5,212	20.34	5,105	20.15
<b>MHBK:</b>				
<b>Tier 1 capital:</b>				
Required	442	2.00	413	2.00
Actual	2,329	10.54	2,380	11.51
<b>Total risk-based capital:</b>				
Required	884	4.00	826	4.00
Actual	3,318	15.02	3,227	15.62
<b>MHTB:</b>				
<b>Tier 1 capital:</b>				
Required	96	4.00	94	4.00
Actual	296	12.28	332	14.13
<b>Total risk-based capital:</b>				

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Required	193	8.00	188	8.00
Actual	399	16.54	433	18.42

F-59

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

MHFG's 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.

Management believes, as of March 31, 2012, that MHFG, MHCN, MHBK, MHTB, and their securities subsidiaries in Japan are in compliance with all capital adequacy requirements to which they are subject.

**19. Earnings per common share**

Basic earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding during the fiscal year. Diluted earnings per common share reflect the assumed conversion to common shares of all convertible securities such as convertible preferred stock.

The following table sets forth the computation of basic and diluted earnings per common share for the fiscal years ended March 31, 2010, 2011 and 2012:

	2010	2011 (in millions of yen)	2012
Net income:			
Net income attributable to MHFG shareholders	999,689	412,669	656,389
Less: Net income attributable to preferred shareholders	11,086	9,438	8,672
Net income attributable to common shareholders	988,603	403,231	647,717
Effect of dilutive securities:			
Convertible preferred stock	9,986	8,337	7,571
Stock compensation-type stock options	(25)	(19)	
Net income attributable to common shareholders after assumed conversions	998,564	411,549	655,288

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	2010	2011	2012
	(thousands of shares)		
<b>Shares:</b>			
Weighted average common shares outstanding	14,013,058	19,722,818	23,073,544
<b>Effect of dilutive securities:</b>			
Convertible preferred stock <sup>(Note)</sup>	2,181,091	1,682,139	1,384,367
Stock compensation-type stock options	6,663	10,152	11,628
Weighted average common shares after assumed conversions	16,200,812	21,415,109	24,469,539
	2010	2011	2012
	(in yen)		
<b>Amounts per common share:</b>			
Basic net income per common share	70.55	20.44	28.07
Diluted net income per common share	61.64	19.22	26.78

Note: The number of the dilutive common shares is based on the applicable conversion prices.

**20. Income taxes**

The following table presents the components of Income tax expense for the fiscal years ended March 31, 2010, 2011 and 2012:

	2010	2011	2012
	(in millions of yen)		
<b>Current:</b>			
Domestic	10,975	6,951	22,103
Foreign	6,138	11,412	32,714
Total current tax expense	17,113	18,363	54,817
<b>Deferred:</b>			
Domestic	(378,678)	174,667	(36,777)
Foreign	1,370	197	(4,162)
Total deferred tax expense	(377,308)	174,864	(40,939)
Total income tax expense	(360,195)	193,227	13,878

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The preceding table does not reflect the tax effects of items recorded directly in Shareholders' equity for the fiscal years ended March 31, 2010, 2011 and 2012. The detailed amounts recorded directly in Shareholders' equity are as follows:

	2010	2011	2012
	(in millions of yen)		
Unrealized net gains (losses) on available-for-sale securities:			
Unrealized gains (losses)	361,234	(131,416)	29,925
Less: reclassification adjustments <sup>(Note)</sup>	(54,757)	(32,473)	18,249
Total	306,477	(163,889)	48,174
Pension liability adjustments:			
Unrealized gains (losses)	9,051	(42,090)	2,367
Less: reclassification adjustments	14,481	6,206	8,992
Total	23,532	(35,884)	11,359
Total tax effect before allocation to noncontrolling interests	330,009	(199,773)	59,533

Note: The amounts for the fiscal years ended March 31, 2011 and 2012 are presented based on the balances of AOCI at the point of their realization into earnings. The amount for the fiscal year ended March 31, 2010, which was previously presented based on the beginning balance of AOCI, is presented in the same manner to conform to the current year presentation.

Since the MHFG Group does not have the intention to divest its foreign subsidiaries in the foreseeable future, deferred taxes are not provided on the temporary differences related to foreign currency translation adjustments.

The following table shows a reconciliation of Income tax expense at the effective statutory tax rate to actual income tax expense for the fiscal years ended March 31, 2010, 2011 and 2012:

	2010	2011	2012
	(in millions of yen, except tax rates)		
Income before income tax expense (benefit)	686,455	611,357	662,835
Effective statutory tax rate	40.69%	40.69%	40.69%
Income tax calculated at the statutory tax rate	279,319	248,761	269,708
Income not subject to tax	(23,207)	(17,334)	(18,295)
Expenses not deductible for tax purposes	1,496	1,517	1,469
Tax rate differentials of subsidiaries	650	3,288	(4,142)
Change in valuation allowance	(1,104,610)	(135,867)	(371,271)
Change in undistributed earnings of subsidiaries	10,384	10,724	(7,118)
Change in net operating loss carryforwards resulting from intercompany capital transactions	(1,400)	1,484	162
Expiration of net operating loss carryforwards	481,805	76,903	33,576
Business combination (Note 3)	(38,721)		

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Effect of enacted change in tax rates <sup>(Note)</sup>			107,011
Other	34,089	3,751	2,778
Income tax expense (benefit)	(360,195)	193,227	13,878

Note: On November 30, 2011, the National Diet of Japan approved two bills affecting the statutory tax rates of MHFG and its domestic subsidiaries. As a result, the statutory tax rates concerning MHFG's tax returns for the fiscal years ending March 31, 2013 to 2015 and for the fiscal years ending March 31, 2016 and thereafter will be reduced to 38.01% and 35.64%, respectively, from the previous rate of 40.69%. The decrease of the Group's balance of net deferred tax assets, reflecting such tax rate reductions, was recognized in Income tax expense in the fiscal year ended March 31, 2012.

F-62

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The components of net deferred tax assets at March 31, 2011 and 2012 are as follows:

	2011	2012
	(in millions of yen)	
Deferred tax assets:		
Investments	1,096,761	1,063,804
Allowance for loan losses	416,785	333,231
Trading account assets	92,192	58,598
Prepaid pension cost and accrued pension liabilities	71,690	11,559
Financial Stabilization Funds	11,729	
Premises and equipment	6,757	
Undistributed earnings of subsidiaries		1,193
Net operating loss carryforwards	1,790,354	1,476,045
Other	302,407	282,998
	3,788,675	3,227,428
Valuation allowance	(2,478,130)	(1,952,899)
Deferred tax assets, net of valuation allowance	1,310,545	1,274,529
Deferred tax liabilities:		
Available-for-sale securities	354,710	368,929
Derivative financial instruments	32,172	28,021
Premises and equipment		3,838
Undistributed earnings of subsidiaries	5,925	
Other	76,121	52,863
Deferred tax liabilities	468,928	453,651
Net deferred tax assets	841,617	820,878

Deferred tax assets and deferred tax liabilities within the same tax jurisdiction have been netted for presentation in the consolidated balance sheets.

In assessing the realizability of deferred tax assets, management considered whether it was more likely than not that some portion or all of the deferred tax assets would not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies available in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets would be deductible, management believed it was more likely than not that the MHFG Group would realize the benefits of these deductible differences, net of the existing valuation allowances at March 31, 2011 and 2012.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

At March 31, 2012, the MHFG Group had net operating loss carryforwards totaling ¥4,042 billion. These carryforwards are scheduled to expire as follows:

	<b>Net operating loss carryforwards (in billions of yen)</b>
Fiscal year ending March 31:	
2013	2,690
2014	16
2015	5
2016	
2017	
2018 and thereafter	1,331
Total	4,042

Included in net operating loss carryforwards in the above table are carryforwards of the holding company and a subsidiary of ¥3,511 billion resulting mainly from intercompany capital transactions. The tax effect of these carryforwards is offset by a full valuation allowance.

The total amount of unrecognized tax benefits including ¥602 million, ¥651 million and ¥802 million interest and penalties was ¥4,193 million, ¥1,829 million and ¥2,160 million at March 31, 2010, 2011 and 2012, respectively, of which ¥2,596 million, ¥1,829 million and ¥2,160 million would, if recognized, affect the Group's effective tax rate, respectively. The Group classifies interest and penalties accrued relating to unrecognized tax benefits as Income tax expense.

The following table is a roll-forward of unrecognized tax benefits for the fiscal years ended March 31, 2010, 2011 and 2012:

	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>(in millions of yen)</b>		
Total unrecognized tax benefits at beginning of fiscal year	11,639	4,193	1,829
Gross amount of increases related to positions taken during prior years	3,394	117	362
Gross amount of increases related to positions taken during the current year		20	244
Amount of decreases related to settlements	(10,306)	(2,218)	(227)
Foreign exchange translation	(534)	(283)	(48)
Total unrecognized tax benefits at end of fiscal year	4,193	1,829	2,160

The MHFG Group is currently subject to ongoing tax audits in some jurisdictions. The oldest years open to tax audits in Japan, the United States and the United Kingdom are 2004, 2002 and 2002, respectively. The MHFG Group does not anticipate that increases or decreases of unrecognized tax benefits within the next twelve months would have a material effect on its consolidated results of operations or financial condition.

**21. Pension and other employee benefit plans***Severance indemnities and pension plans*



## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

MHFG and certain subsidiaries, including MHBK, MHCBC, and MHTB, sponsor and offer their employees other than directors and corporate auditors, contributory and non-contributory defined benefit plans. Under these plans, employees are provided with lump-sum cash payments upon leaving the company. The amount of benefits under

F-64

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

the plans is principally determined based on the position, the length of service and the reason for retirement. When employees meet certain conditions including the length of service, they may opt to receive annuity payments instead of lump-sum payments at retirement. MHFG and certain subsidiaries also offer special termination benefits to former employees whose contributions during their career were deemed meritorious and to those with particular circumstances.

Certain foreign offices and subsidiaries have defined contribution plans and/or defined benefit plans, of which disclosures are combined with those for domestic benefit plans, as they are not significant.

MHFG and certain subsidiaries have several defined contribution plans. The costs recognized for contributions to the plans for the fiscal years ended March 31, 2010, 2011 and 2012 were ¥3,391 million, ¥3,601 million and ¥2,129 million, respectively.

Pension plans are not fully integrated among subsidiaries of MHFG and plan assets are managed separately by each plan.

*Net periodic benefit cost and funded status*

Net periodic benefit cost of the severance indemnities and pension plans for the fiscal years ended March 31, 2010, 2011 and 2012 includes the following components:

	2010	2011	2012
	(in millions of yen)		
Service cost-benefits earned during the fiscal year	27,342	27,761	27,734
Interest costs on projected benefit obligation	25,062	25,182	24,267
Expected return on plan assets	(15,120)	(40,209)	(28,234)
Amortization of prior service benefit	(318)	(319)	(318)
Amortization of net actuarial loss (gain)	36,483	15,532	25,595
Special termination benefits <sup>(Note)</sup>	4,387	4,222	14,115
<b>Net periodic benefit cost</b>	<b>77,836</b>	<b>32,169</b>	<b>63,159</b>

Note: The amount for the fiscal year ended March 31, 2012 includes special termination benefits of ¥9,828 million pertaining to MHSC's voluntary retirement scheme.

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) before-tax for the fiscal years ended March 31, 2011 and 2012 were summarized as follows:

	2011	2012
	(in millions of yen)	
Net actuarial gain (loss)	(130,169)	25,401
Amortization of net actuarial loss (gain)	15,532	25,595
Amortization of prior service benefit	(319)	(318)
<b>Total recognized in other comprehensive income (loss) before-tax</b>	<b>(114,956)</b>	<b>50,678</b>

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

As of March 31, 2012, the amounts in Accumulated other comprehensive income (loss), which will be amortized as prior service benefit and actuarial loss over the next fiscal year, are estimated to be ¥318 million and ¥16,964 million, respectively.

F-65

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Weighted-average assumptions used to determine benefit obligations and net periodic benefit cost are as follows:

	2010	2011	2012
Weighted-average assumptions used to determine benefit obligations at fiscal year end:			
Discount rates	1.93%	1.83%	1.73%
Rates of increase in future compensation level	2.13-6.12%	2.28-6.15%	2.33-6.46%
Weighted-average assumptions used to determine net periodic benefit cost during the year:			
Discount rates	1.93%	1.93%	1.83%
Rates of increase in future compensation level	1.93-6.27%	2.13-6.12%	2.28-6.15%
Expected rates of return on plan assets	1.49%	3.10%	2.27%

In estimating the discount rates, the MHFG Group uses 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.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table sets forth the combined funded status and amounts recognized in the accompanying consolidated balance sheets at March 31, 2011 and 2012 for the plans of MHFG and its subsidiaries:

	2011	2012
	(in millions of yen)	
<b>Change in benefit obligation:</b>		
Benefit obligation at beginning of fiscal year	1,306,349	1,328,316
Service cost	27,761	27,734
Interest cost	25,182	24,267
Plan participants' contributions	1,196	1,186
Actuarial loss (gain)	33,171	32,307
Foreign exchange translation	(1,112)	(364)
Benefits paid	(46,461)	(51,981)
Lump-sum payments	(17,770)	(17,751)
Benefit obligation at end of fiscal year	1,328,316	1,343,714
<b>Change in plan assets:</b>		
Fair value of plan assets at beginning of fiscal year	1,276,783	1,226,058
Actual return (negative return) on plan assets	(56,880)	85,935
Foreign exchange translation	(829)	(289)
Employer contributions	52,249	62,254
Plan participants' contributions	1,196	1,186
Benefits paid	(46,461)	(51,981)
Fair value of plan assets at end of fiscal year	1,226,058	1,323,163
Funded status	(102,258)	(20,551)
Amounts recognized in the consolidated balance sheets consist of:		
Prepaid pension cost	134	6,509
Accrued pension liability	(102,392)	(27,060)
Net amount recognized	(102,258)	(20,551)
Amounts recognized in Accumulated other comprehensive income (loss) before-tax consist of:		
Prior service benefit	1,979	1,661
Net actuarial gain (loss)	(407,974)	(356,978)
Net amount recognized	(405,995)	(355,317)

Note: The aggregated accumulated benefit obligations of these plans were ¥1,301,798 million and ¥1,312,981 million, respectively, as of March 31, 2011 and 2012. The defined benefit plans generally employ a multi-variable and non-linear formula based upon compensation at the time of severance, rank and years of service. Employees with service in excess of one year are qualified to receive lump-sum severance indemnities.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table shows the projected benefit obligations and the fair value of plan assets for the plans of MHFG and its subsidiaries with projected benefit obligations in excess of plan assets, and the accumulated benefit obligations and the fair value of plan assets for the plans with accumulated benefit obligations in excess of plan assets at March 31, 2011 and 2012:

	2011	2012
	(in millions of yen)	
Plans with projected benefit obligations in excess of plan assets:		
Projected benefit obligation	1,327,682	87,935
Fair value of plan assets	1,225,290	60,831
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	1,301,163	84,752
Fair value of plan assets	1,225,290	60,831

Note: The plans with projected benefit obligations in excess of plan assets include those with accumulated benefit obligations in excess of plan assets.

*Investment policies and asset allocation*

In managing plan assets, the MHFG Group determines the appropriate levels of risk that the Group can assume under the given circumstances to maximize the investment returns from a long-term perspective while ensuring that the sufficient funds will be available to plan participants and beneficiaries. Generally, the investment returns are relative to the risks involved. In considering the maximum levels of risk that the MHFG Group can assume, it primarily considers the following factors; the employers' burden of maintaining the benefit plans based on the design of the plans and future plan contributions, the age distribution of the plan participants and beneficiaries, the financial conditions of the employers, and the employers' ability to absorb future variability in plan premiums. The long-term asset allocation is based on optimal portfolios, which are estimated by expected return and risk according to each asset category such as Japanese equity securities, Japanese debt securities, foreign equity securities and foreign debt securities. Additionally, the asset allocation is reviewed whenever there are large fluctuations in pension plan liabilities caused by modifications of pension plans, or there are changes in the market environment. When selecting an investment in each asset category, the MHFG Group takes into consideration credit standing of an investee, concentration of credit risk to a certain investee, liquidity of a financial instrument, etc. The investments in each asset category are further diversified across funds, strategies, sectors, etc. There is no significant investment in a single investee except Japanese government bonds.

Certain subsidiaries of MHFG established employee retirement benefit trusts and transferred their assets to the trusts as plan assets. These assets are separated from employer's proprietary assets for the payment to the plan beneficiaries. The assets held in these trusts are primarily Japanese equity securities and have been entrusted directly to qualified trustees including trust banks.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

MHFG and certain subsidiaries target allocation for the plan assets excluding those of the employee retirement benefit trusts at March 31, 2012 is as follows:

Asset category	Asset ratio
Japanese equity securities	16.00%
Japanese debt securities	34.00%
Foreign equity securities	16.00%
Foreign debt securities	20.00%
General account of life insurance companies	14.00%
Total	100.00%

Note: General account of life insurance companies is a contract with life insurance companies which guarantees payments of principal and predetermined interest rate.

*Fair value of plan assets*

The following table presents the fair value of plan assets of MHFG and its subsidiaries at March 31, 2011 and 2012, by asset class. For the detailed information on fair value measurements, including descriptions of Level 1, 2 and 3 of the fair value hierarchy and the valuation methodologies, see Note 29 Fair value .

	2011			Total (in billions of yen)	2012			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Japanese equity securities:								
Common stocks <sup>(1)</sup>	533			533	601			601
Pooled funds <sup>(2)</sup>		67		67		70		70
Japanese debt securities:								
Government bonds	161			161	183			183
Pooled funds <sup>(2)</sup>		40		40		41		41
Other		8		8		8		8
Foreign equity securities:								
Common stocks	46			46	43			43
Pooled funds <sup>(2)</sup>		71		71		77		77
Foreign debt securities:								
Government bonds	60	5		65	61	4		65
Pooled funds <sup>(2)</sup>		48		48		52		52
Other		13		13		16		16
General account of life insurance companies <sup>(3)</sup>		105		105		108		108
Hedge funds			1	1			1	1
Other	70 <sup>(4)</sup>	(2) <sup>(5)</sup>		68	60 <sup>(4)</sup>	(2) <sup>(5)</sup>		58
Total assets at fair value	870	355	1	1,226	948	374	1	1,323



Notes:

- (1) This class includes equity securities held in the employee retirement benefit trusts of ¥504 billion and ¥572 billion at March 31, 2011 and 2012, respectively, which are well-diversified across industries.
- (2) These classes primarily include pension investment fund trusts. Investments in these classes are generally measured at their net asset values per share and can be redeemable within short-term period upon request.
- (3) Investments in this class are measured at conversion value.
- (4) Amounts primarily include cash and short-term assets carried at fair value.
- (5) Amounts primarily include foreign exchange contracts carried at fair value.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Amounts of actual returns on and purchases and sales of Level 3 assets during the fiscal years ended March 31, 2011 and 2012 were not significant.

*Contributions*

A contribution of approximately ¥48 billion is expected to be paid to the pension plans in the fiscal year ending March 31, 2013, based on the current funded status and expected asset return assumptions.

*Estimated future benefit payments*

The following table presents forecasted benefit payments including the effect of expected future service for the fiscal years indicated:

	(in millions of yen)
Fiscal year ending March 31:	
2013	61,748
2014	64,591
2015	66,872
2016	68,812
2017	69,999
2018-2022	360,114

**22. Stock-based compensation**

Concurrently with the abolishment of, and as an alternative to the retirement allowances program for directors and executive officers of MHFG, MHBK, MHC B, and MHTB, the MHFG Group introduced stock compensation-type stock options, in the form of stock acquisition rights, for directors (excluding the outside directors) and executive officers of the respective companies (hereinafter referred to collectively as the

Directors ) in June 2008. The Group also introduced similar stock compensation-type stock options for MHSC's Directors in June 2009. The Group maintained three types of stock-based compensation plans for Directors of MHFG, MHBK and MHC B ( MHFG Stock Plan ), for those of MHTB ( MHTB Stock Plan ), and for those of MHSC ( MHSC Stock Plan ). These three plans were integrated into MHFG Stock Plan during the fiscal year ended March 31, 2012, as MHTB and MHSC became MHFG's wholly-owned subsidiaries and the stocks of these entities were delisted.

*MHFG Stock Plan*

In this plan, 1,000 shares of MHFG common stock shall be issued or transferred upon exercise of each of the stock acquisition rights. The amount to be paid upon exercise shall be 1 yen per share. The contractual term of the stock acquisition rights is 20 years. A holder may exercise the stock acquisition rights only after the date on which such holder loses the status as a Director of MHFG, MHBK, MHC B, MHTB or MHSC.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following is a roll-forward of MHFG Stock Plan for the fiscal year ended March 31, 2012:

	Number of shares	Weighted-average exercise price (in yen)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in millions of yen)
Outstanding at beginning of fiscal year	12,338,000	1		
Granted during fiscal year	12,452,000	1		
Exercised during fiscal year	5,295,000	1		
Forfeited during fiscal year	4,000	1		
Outstanding at end of fiscal year	19,491,000	1	19.05	2,612
Exercisable at end of fiscal year	534,000	1	18.49	72

There were no non-vested stock options remaining as of March 31, 2012.

The following table presents the assumptions to estimate the fair value of stock acquisition rights on the date of grant used in the Black-Scholes option pricing model. The risk-free interest rate is based on the Japanese government bonds yield curve for the expected remaining term in effect at the date of grant. The expected volatility is based on the historical trading data of MHFG common stock. The expected remaining term is based on the average service period of Directors of MHFG, MHBK, MHC B, MHTB and MHSC, which represents the period of time that stock acquisition rights granted are expected to be outstanding. The expected dividend yield is based on the dividend rate of MHFG common stock at the date of grant.

	For the stock acquisition rights granted during the fiscal years ended March 31,	
	2011	2012
Risk-free interest rate	0.13%	0.15%
Expected volatility	59.55%	34.04%
Expected remaining term (in years)	2.00	2.34
Expected dividend yield	4.55%	5.66%

The weighted-average grant-date fair value of stock acquisition rights granted during the fiscal years ended March 31, 2010, 2011 and 2012 was ¥168,690, ¥119,520 and ¥91,840, respectively.

The compensation cost related to this plan recognized in income was ¥984 million, ¥814 million and ¥788 million during the fiscal years ended March 31, 2010, 2011 and 2012, respectively.

*Ex-MHTB Stock Plan*

In this plan, 1,000 shares of MHTB common stock were to be issued or transferred upon exercise of each of the stock acquisition rights. The amount to be paid upon exercise was 1 yen per share. The contractual term of the stock acquisition rights was 20 years. A holder might exercise the stock acquisition rights only after the date on which such holder lost the status as a Director of MHTB.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following is a roll-forward of ex-MHTB Stock Plan for the fiscal year ended March 31, 2012:

	Number of shares	Weighted-average exercise price (in yen)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in millions of yen)
Outstanding at beginning of fiscal year	4,564,000	1		
Exercised during fiscal year	1,518,000	1		
Cancelled during fiscal year <sup>(Note)</sup>	3,046,000	1		
Outstanding at end of fiscal year				
Exercisable at end of fiscal year				

Note: All outstanding stock acquisition rights were cancelled as the plan was abolished.

The following table presents the assumptions to estimate the fair value of stock acquisition rights on the date of grant used in the Black-Scholes option pricing model. The assumptions used were the same as those of MHFG Stock Plan except that the underlying security was MHTB common stock.

	For the stock acquisition rights granted during the fiscal year ended March 31, 2011
Risk-free interest rate	0.15%
Expected volatility	47.67%
Expected remaining term (in years)	2.00
Expected dividend yield	1.37%

The weighted-average grant-date fair value of stock acquisition rights granted during the fiscal years ended March 31, 2010 and 2011 was ¥110,000 and ¥70,030, respectively.

The compensation cost related to this plan recognized in income was ¥192 million and ¥181 million during the fiscal years ended March 31, 2010 and 2011, respectively.

*Ex-MHSC Stock Plan*

In this plan, 1,000 shares of MHSC common stock were to be issued or transferred upon exercise of each of the stock acquisition rights. The amount to be paid upon exercise was 1 yen per share. The contractual term of the stock acquisition rights was 20 years. A holder might exercise the stock acquisition rights only after the date on which such holder lost the status as a Director of MHSC. If a holder assumed the status as a Director of the company immediately after losing the status as a Director of the company, the holder might exercise the stock acquisition rights only after losing such status finally and definitely.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following is a roll-forward of ex-MHSC Stock Plan for the fiscal year ended March 31, 2012:

	Number of shares	Weighted-average exercise price (in yen)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in millions of yen)
Outstanding at beginning of fiscal year	2,621,000	1		
Exercised during fiscal year	1,104,000	1		
Cancelled during fiscal year <sup>(Note)</sup>	1,517,000	1		
Outstanding at end of fiscal year				
Exercisable at end of fiscal year				

Note: All outstanding stock acquisition rights were cancelled as the plan was abolished.

The following table presents the assumptions to estimate the fair value of stock acquisition rights on the date of grant used in the Black-Scholes option pricing model. The assumptions used were the same as those of MHFG Stock Plan except that the underlying security was MHSC common stock.

	<b>For the stock acquisition rights granted during the fiscal year ended March 31, 2011</b>
Risk-free interest rate	0.18%
Expected volatility	50.47%
Expected remaining term (in years)	3.27
Expected dividend yield	2.42%

The weighted-average grant-date fair value of stock acquisition rights granted during the fiscal years ended March 31, 2010 and 2011 was ¥306,210 and ¥190,280, respectively.

The compensation cost related to this plan recognized in income was ¥372 million and ¥373 million during the fiscal years ended March 31, 2010 and 2011, respectively.

**23. Derivative financial instruments**

The MHFG Group uses derivative financial instruments in response to the diverse needs of customers, to control the risk related to the assets and liabilities of the MHFG Group, as part of its asset and liability management, and for proprietary trading purposes. The MHFG Group is exposed primarily to market risk associated with interest rate, commodity, foreign currency, and equity products. Market risk arises from changes in market prices or indices, interest rates and foreign exchange rates that may result in an adverse change in the market value of the financial instrument or an increase in its funding costs. Exposure to market risk is managed by imposing position limits and monitoring procedures and by initiating hedging transactions. In addition to market risk, the MHFG Group is exposed to credit risk associated with counterparty default or nonperformance on transactions. Credit risk arises from counterparty failure to perform according to the terms and conditions of the contract and the value of the underlying collateral held, if applicable, is not sufficient to recover resulting losses. The exposure to credit risk is measured by

the fair value of all derivatives in a gain position and its potential increase at the balance sheet dates. The exposure to credit risk is managed by entering into legally enforceable master netting agreements to mitigate the overall counterparty credit risk, requiring underlying collateral and guarantees based on an individual credit analysis of each obligor and evaluating credit features of each instrument. In addition, credit approvals, limits and monitoring procedures are also imposed.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Notional amount and fair value of derivative contracts***

The following table summarizes notional and fair value amounts of derivative instruments outstanding as of March 31, 2011 and 2012. The fair value of derivatives is not offset against the right to reclaim cash collateral or the obligation to return cash collateral under master netting agreement in the consolidated balance sheets as well as the table below.

2011	Notional amount (1)	Derivative receivables <sup>(2)</sup>		Fair value	
		Designated as hedges	Not designated as hedges (in billions of yen)	Designated as hedges	Not designated as hedges
Interest rate contracts	854,186		9,964		9,541
Foreign exchange contracts	79,757		2,845	1	2,464
Equity-related contracts	3,242		154		150
Credit-related contracts	8,934		59		39
Other contracts	803		104		87
Total	946,922		13,126	1	12,281

2012	Notional amount (1)	Derivative receivables <sup>(2)</sup>		Fair value	
		Designated as hedges	Not designated as hedges (in billions of yen)	Designated as hedges	Not designated as hedges
Interest rate contracts	886,354		9,789		9,453
Foreign exchange contracts	83,984		2,582	15	2,559
Equity-related contracts	4,796		145		180
Credit-related contracts	6,984		59		36
Other contracts	727		61		46
Total	982,845		12,636	15	12,274

Notes:

(1) Notional amount represents the sum of gross long and gross short third-party contracts.

(2) Derivative receivables and payables are recorded in Trading account assets and Trading account liabilities, respectively.

The MHFG Group provided and/or accepted cash collateral for derivative transactions under master netting agreements. The cash collateral, not offset against derivative positions, was included in Other assets and Other liabilities, respectively, of which amounts were ¥530 billion and ¥323 billion at March 31, 2011, and ¥822 billion and ¥367 billion at March 31, 2012, respectively.

***Hedging activities***

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, and how effectiveness is to be assessed prospectively and retrospectively. The extent to which a hedging instrument is effective at achieving offsetting changes in fair value or cash flows must be assessed at least quarterly. Any ineffectiveness must be reported immediately in earnings. The MHFG Group's hedging activities include fair value and net investment hedges.

F-74

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Fair value hedges*

The MHFG Group primarily uses option and forward contracts to modify exposure to changes in fair value of available-for-sale securities. For qualifying fair value hedges, all changes in the fair value of the derivative and the corresponding hedged item relating to the risk being hedged are recognized in earnings in Investment gains (losses) net. The change in fair value of the portion of the hedging instruments excluded from the assessment of hedge effectiveness is recorded in Trading account gains (losses) net. No ineffectiveness exists because the MHFG Group chooses to exclude changes in the option's time value and price differences between the spot and the forward from the effectiveness test. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment.

The following table summarizes gains and losses information related to fair value hedges for the fiscal years ended March 31, 2010, 2011 and 2012:

2010	Derivatives	Gains (losses) recorded in income		Net gain (loss) excluded from assessment of effectiveness
		Hedged items	Hedge ineffectiveness (in millions of yen)	
Interest rate contracts	469	(898)		(429)
Total	469	(898)		(429)

2011	Derivatives	Gains (losses) recorded in income		Net gain (loss) excluded from assessment of effectiveness
		Hedged items	Hedge ineffectiveness (in millions of yen)	
Interest rate contracts	(1,191)	996		(195)
Total	(1,191)	996		(195)

2012	Derivatives	Gains (losses) recorded in income		Net gain (loss) excluded from assessment of effectiveness
		Hedged items	Hedge ineffectiveness (in millions of yen)	
Interest rate contracts	(214)	150		(64)
Equity-related contracts	(285)	278		(7)
Total	(499)	428		(71)

*Net investment hedges*

The MHFG Group uses forward foreign exchange contracts and foreign currency-denominated debt instruments to protect the value of net investments in non-Japanese subsidiaries from foreign currency exposure. Under net investment hedges, both derivatives and nonderivative financial instruments qualify as hedging instruments. For net investment hedges, the changes in the fair value of a hedging derivative instrument or nonderivative hedging financial instrument is recorded in Foreign currency translation adjustments within Accumulated other comprehensive

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

income (loss), provided that the hedging instrument is designated and is effective as a hedge of the net investment. The change in fair value of the ineffective portion is recorded in Foreign exchange gains (losses) net in earnings. No amount is excluded from the assessment of hedge effectiveness of net investment hedges.

F-75

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table summarizes gains and losses information related to net investment hedges for the fiscal years ended March 31, 2010, 2011 and 2012:

	Gains (losses) recorded in income and other comprehensive income ( OCI )				
	2010	2011	2012		
	Ineffective portion	Ineffective portion	Ineffective portion	Effective portion	Effective portion
	recorded in OCI income	recorded in OCI income	recorded in OCI income	recorded in OCI income	recorded in OCI income
	(in millions of yen)				
Financial instruments hedging foreign exchange risk	(4,489)	43,740	5,168	8,024	1,666
Total	(4,489)	43,740	5,168	8,024	1,666

Note: Related to the effective portion of net investment hedges, Accumulated other comprehensive income (loss) of ¥0 million, ¥(1,144) million and ¥1,893 million were reclassified to earnings for the fiscal years ended March 31, 2010, 2011 and 2012, respectively.

*Derivative instruments not designated or qualifying as hedges*

The MHFG Group enters into the following derivative transactions that do not qualify for hedge accounting with a view to implementing risk management hedging strategies: (1) interest-rate swap transactions for the purpose of hedging interest-rate risks in deposits, loans etc., (2) currency swap transactions for the purpose of hedging the foreign exchange risk of these assets, and (3) credit derivatives for the purpose of hedging the credit risk in loans, RMBS, CMBS, CLO and other similar assets. Such derivatives are accounted for as trading positions. The change in fair value of those instruments are primarily recorded in Trading account gains (losses) net, even though they are used to mitigate or transform the risk of exposures arising from banking activities. The net gain (loss) resulting from changes in the fair values of certain credit derivatives where the Group purchases protection to mitigate its credit risk exposure, related to its corporate loan portfolio, is recorded in Other noninterest income (expenses).

The following table summarizes gains and losses on derivatives not designated or qualifying as hedges during the fiscal years ended March 31, 2010, 2011 and 2012:

	Gains (losses) recorded in income		
	2010	2011	2012
	(in millions of yen)		
Interest rate contracts <sup>(1)</sup>	115,416	250,222	261,632
Foreign exchange contracts	111,845	(105,504)	(146,258)
Equity-related contracts <sup>(1)</sup>	(22,841)	11,223	(7,143)
Credit-related contracts <sup>(2)</sup>	(97,215)	(15,220)	(5,575)
Other contracts	(2,103)	1,943	283
Total	105,102	142,664	102,939

Notes:

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

- (1) The net gain (loss) excluded from assessment of effectiveness for fair value hedges is not included in the above table.
- (2) The amounts include the net loss of ¥90,642 million, ¥8,207 million and ¥3,391 million on the credit derivatives hedging the credit risk in loans during the fiscal years ended March 31, 2010, 2011 and 2012, respectively.

F-76

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Credit derivatives***

A credit derivative is a bilateral contract between a seller and a buyer of protection against the credit risk of a particular entity. Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of predefined credit events, which include bankruptcy, dissolution or insolvency of the referenced entity. The MHFG Group either purchases or writes protection on either a single name or a portfolio of reference credits. The Group enters into credit derivatives to help mitigate credit risk in its corporate loan portfolio and other cash positions, to take proprietary trading positions, and to facilitate client transactions.

The notional amount of credit derivatives represents the maximum potential amount of future payments the seller could be required to make. If the predefined credit event occurs, the seller will generally have a right to collect on the underlying reference credit and any related cash flows, while being liable for the full notional amount of credit protection to the buyer. The Group manages credit risk associated with written protection by purchasing protection with identical or similar underlying reference credit, which substantially offsets its exposure. Thus, the notional amount is not a reliable indicator of the Group's actual loss exposure.

The following table summarizes notional and fair value amounts of credit derivatives at March 31, 2011 and 2012:

	2011		2012	
	Notional amount	Fair value	Notional amount	Fair value
	(in billions of yen)			
Credit protection written				
Investment grade	2,509		2,072	(2)
Non-investment grade	1,935	6	1,303	2
Total	4,444	6	3,375	
Credit protection purchased	4,520	15	3,651	23

Note: Rating scale is based upon either external ratings or internal ratings. The lowest investment grade is considered to be BBB- or the corresponding internal rating, while anything below or unrated is considered to be non-investment grade. Non-investment grade credit derivatives primarily consist of unrated credit default swap indices such as CDX and iTraxx.

The following table shows the maximum potential amount of future payment for credit protection written by expiration period at March 31, 2011 and 2012:

	Maximum payout/Notional amount	
	2011	2012
	(in billions of yen)	
One year or less	1,212	1,422
After one year through five years	3,024	1,896
After five years	208	57
Total	4,444	3,375

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Note: The maximum potential amount of future payment is the notional amount of the credit derivatives where the Group wrote the credit protection, and it has not been reduced by the Group's right of collection over the underlying assets and the related cash flows, nor netted against that of credit protection purchased.

F-77



---

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Credit-related contingent features***

Certain of the MHFG Group's derivative instruments contain provisions that require the Group's debt to maintain an investment grade credit rating from the major credit rating agencies. If the Group's debt were to fall below investment grade, the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in the Group's net liability positions. The aggregate fair value of all derivative instruments with such credit-risk-related contingent features in liability positions on March 31, 2011 and 2012 was ¥1,501 billion and ¥1,585 billion, respectively. As the Group has provided ¥1,102 billion and ¥1,379 billion as collateral to the counterparties in its normal course of business on March 31, 2011 and 2012, respectively, if the contingent features described above were triggered on March 31, 2011 and 2012, the amount immediately required to settle would be ¥399 billion and ¥206 billion, respectively.

**24. Commitments and contingencies*****Obligations under guarantees***

The MHFG Group provides guarantees or indemnifications to counterparties to enhance their credit standing and enable them to complete a variety of business transactions. The guarantee represents an obligation to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing arrangement or other contractual obligation.

The Group records all guarantees and similar obligations subject to ASC 460, Guarantees (ASC 460) at fair value on the consolidated balance sheets at the inception of the guarantee. The carrying amount of guarantees and similar obligations at March 31, 2011 and 2012 was ¥15 billion and ¥17 billion, respectively, and was included in Other liabilities.

The types of guarantees under ASC 460 provided by the MHFG Group are described below.

***Performance guarantees***

Performance guarantees are issued to guarantee customers' performance under contractual arrangements such as a tender bid on a construction project or the completion of a construction project.

***Guarantees on loans***

Guarantees on loans include an obligation to guarantee the customer's borrowing contracts. The MHFG Group is required to make payments to the guaranteed parties in the event that customers fail to fulfill obligations under the contracts.

***Guarantees on securities***

Guarantees on securities include an obligation to guarantee securities, such as bonds issued by customers.

***Other guarantees***

Other guarantees include an obligation to guarantee customers' payment, such as tax payments.

---

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Guarantees for the repayment of trust principal*

The MHFG Group provides certain trust products with guarantees for the repayment of trust principal, e.g., loan trusts and certain jointly operated designated money trusts. Pursuant to Japanese trust-related laws, trustees are prohibited from compensating beneficiaries for any loss in the beneficial interests in each trust. However, under a special condition of the Japanese trust-related laws, trust banks as trustees are allowed to enter into an agreement to compensate for any loss in the principal of the trust. The MHFG Group manages and administers the trust assets to minimize exposures against losses from the guarantees for the repayment of trust principal, including writing-off impaired loans and charging it to the trust account profits. In performing its fiduciary duties, the MHFG Group also manages the trust assets separately from its own proprietary assets on behalf of customers and keeps separate records for the trust activities. On April 1, 2010, the MHFG Group consolidated certain guaranteed principal money trusts. See Note 26 Variable interest entities and securitizations for further discussion of the guaranteed principal money trust. The contract amounts of guarantees for repayment of unconsolidated trust principal are presented in the tables below.

Part of the trust account profits is set aside as a reserve in trust accounts to absorb losses in the trust asset portfolios in accordance with relevant Japanese laws concerning the trust business and/or trust agreements. Statutory reserves for loan trusts and reserves for jointly operated designated money trusts are calculated based on the trust principal or the balance of loans and other assets in the trust accounts. Since the probability of principal indemnification is judged to be remote, the MHFG Group had no related reserve for credit losses recorded in its consolidated financial statements.

*Liabilities of trust accounts*

The MHFG Group, as trustee, may enter into an agreement with a third party who is not the party to the relevant trust agreement to the extent necessary to handle the trust affairs for the purpose of fulfilling the objectives of the trust and, as such, the trustee shall be allowed to assume certain liabilities. Pursuant to Japanese trust-related laws, the trustee is ultimately liable to pay those liabilities out of its proprietary assets in the event that the trust assets are insufficient to cover those liabilities. The amount of trust liabilities rarely exceeds the amount of trust assets and, therefore, those liabilities are generally covered by the corresponding trust assets. To avoid the demand for payment out of the proprietary assets, the trustee can enter into a special covenant of limited liability under which the trust creditors agree to limit the trustee's liability to the value of the trust assets and to waive the right for compulsory execution against the trustee's proprietary assets. The MHFG Group regularly monitors the condition of trust accounts to minimize exposures against making payment.

The amounts of such liabilities in the trust accounts excluding those with the special covenant of limited liability are presented in the tables below. Liabilities of trust accounts principally include obligations to return collateral under security lending transactions and others.

*Derivative financial instruments*

Certain written options and credit default swaps are deemed guarantees pursuant to the definition of guarantees in ASC 460 if these contracts require the MHFG Group to make payments to counterparties based on changes in an underlying instrument or index that is related to an asset, a liability, or an equity security of counterparties. The MHFG Group's payments could involve a gross settlement or a net settlement. Because it is difficult in practice to determine whether the counterparty has the asset, the liability or the equity security relating to the underlying, the MHFG Group has decided to include all credit default swaps and written options, excluding written options outside the scope of ASC 460, in the guarantee disclosures.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Maximum exposure under guarantee contracts*

The table below summarizes the remaining term and maximum potential amount of future payments by type of guarantee at March 31, 2011 and 2012. The maximum potential amount of future payments disclosed below represents the contractual amounts that could be repaid in the event of guarantees execution, without consideration of possible recoveries under recourse provisions or from collateral held. With respect to written options included in derivative financial instruments in the table below, in theory, the MHFG Group is exposed to unlimited losses; therefore, the table shows notional amounts of the contracts as a substitute for the maximum exposure.

The MHFG Group, when necessary, requires collateral such as cash, investment securities and real estate or third-party guarantees depending on the amount of credit risk involved, and employs means such as sub-participation to reduce the credit risk associated with guarantees. The maximum exposure or notional amounts below does not represent the expected losses from the execution of the guarantees.

2011	Maximum potential/Contractual or Notional amount	Amount by expiration period		
		One year or less	After one year through five years	After five years
		(in billions of yen)		
Performance guarantees	1,580	886	559	135
Guarantees on loans	539	136	53	350
Guarantees on securities	10	4	6	
Other guarantees	872	602	192	78
Guarantees for the repayment of trust principal	249		181	68
Liabilities of trust accounts	8,144	7,982	51	111
Derivative financial instruments	30,567	11,386	16,048	3,133

2012	Maximum potential/Contractual or Notional amount	Amount by expiration period		
		One year or less	After one year through five years	After five years
		(in billions of yen)		
Performance guarantees	1,681	978	536	167
Guarantees on loans	502	173	41	288
Guarantees on securities	73	32	41	
Other guarantees	997	695	218	84
Guarantees for the repayment of trust principal	184		140	44
Liabilities of trust accounts	8,313	8,132	67	114
Derivative financial instruments	28,620	13,546	12,446	2,628

The table below presents maximum potential amount of future payments of performance guarantees, guarantees on loans, guarantees on securities and other guarantees classified based on internal ratings at March 31, 2011 and 2012:

	2011	2012
	(in billions of yen)	
Investment grade	1,760	2,125
Non-investment grade	1,241	1,128
Total	3,001	3,253

Note: Investment grade in the internal rating scale is generally corresponding to BBB<sup>-</sup> or above in external rating scale.

F-80

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Other off-balance-sheet instruments***

In addition to guarantees, the MHFG Group issues other off-balance-sheet instruments to its customers, such as lending-related commitments and commercial letters of credit. Under the terms of these arrangements, the MHFG Group is required to extend credit or make certain payments upon the customers' request.

***Commitments to extend credit***

Commitments to extend credit are legally binding agreements to lend to customers on demand. They usually have set maturity dates. These agreements differ from guarantees in that they are generally revocable or contain provisions that enable the MHFG Group to avoid payment or reduce the amount of credit extended under certain conditions, such as the deterioration of the borrower's financial condition or other reasonable conditions. The MHFG Group monitors the financial condition of the potential borrowers throughout the commitment period to determine whether additional collateral or changes in the terms of the commitment are necessary. Since many of these commitments to extend credit expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

***Commitments to invest in securities***

Commitments to invest in securities include legally binding contracts to make additional contributions to investment funds, such as venture capital funds or corporate recovery funds in accordance with the terms of investment agreements.

***Commercial letters of credit***

Commercial letters of credit are issued in connection with customers' trade transactions. Normally, the customers cannot receive the goods until they make payment to a bank, and therefore these commercial letters of credit are collateralized by the underlying goods. Upon issuance of commercial letters of credit, the MHFG Group monitors the credit risk associated with these transactions to determine if additional collateral is required.

The table below summarizes the contractual amounts with regard to these undrawn commitments at March 31, 2011 and 2012:

	<b>2011</b>	<b>2012</b>
	<b>(in billions of yen)</b>	
Commitments to extend credit <sup>(Note)</sup>	50,436	52,438
Commercial letters of credit	465	536
<b>Total</b>	<b>50,901</b>	<b>52,974</b>

Note: Commitments to extend credit include commitments to invest in securities.

***Allowance for losses on off-balance-sheet instruments***

Other liabilities include an allowance for losses on off-balance-sheet instruments, of which amount at March 31, 2011 and 2012 was ¥112 billion and ¥112 billion, respectively.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Leases**

The MHFG Group leases certain office space and equipment under noncancelable agreements. Future minimum rental commitments for noncancelable leases at March 31, 2012 were as follows:

	Capitalized leases	Operating leases
	(in millions of yen)	
Fiscal year ending March 31:		
2013	5,601	42,086
2014	4,336	30,365
2015	3,432	12,663
2016	2,847	8,480
2017	2,129	7,470
2018 and thereafter	3,891	20,633
Total minimum lease payments	22,236	121,697
Amount representing interest	1,385	
Present value of minimum lease payments	20,851	

Total rental expense for the fiscal years ended March 31, 2010, 2011 and 2012 was ¥106,177 million, ¥102,455 million and ¥101,003 million, respectively.

During prior years, the MHFG Group's major banking subsidiaries sold their head offices (including land, buildings, facilities and equipment) to third parties. Concurrent with the sales, these subsidiaries leased the properties back for periods of 5 and 10 years at total lease payment for the whole period of ¥214,690 million. The terms of certain lease agreements were changed during the fiscal years ended March 31, 2009, 2011 and 2012, and the total lease payment for the whole period increased to ¥215,210 million, consequently. The MHFG Group recorded the transactions as operating leases. The future minimum lease payments under the terms of the related lease agreements were ¥54,735 million, ¥39,421 million and ¥29,879 million at March 31, 2010, 2011 and 2012, respectively.

**Legal proceedings**

The MHFG Group is involved in normal collection proceedings initiated by the Group and other legal proceedings in the ordinary course of business.

The Group's Indonesian subsidiary 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. The Group's consolidated financial statements do not include a reserve in relation to this dispute because the Group does not believe that the resolution of this matter will have a significant impact on the consolidated financial condition or results of operations of the Group, although there can be no assurance as to the foregoing.

In July 2012, Mizuho Securities USA Inc. ( MSUSA ), a subsidiary of MHSC, entered into a settlement with the SEC 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, MSUSA agreed to pay a total of US\$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 MHFG 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.



---

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****25. Noncontrolling interests in consolidated subsidiaries**

Noncontrolling interests represent the equity for the remaining outstanding voting stock of subsidiaries not owned by the MHFG Group. The changes in noncontrolling interests in fiscal years ended March 31, 2010, 2011 and 2012 consisted of noncontrolling interests in net income or loss of subsidiaries, noncontrolling interests in changes in other comprehensive income of subsidiaries and changes resulting from changes in the ownership percentage of the Group in certain subsidiaries.

During the fiscal year ended March 31, 2010, MHFG exchanged certain voting equity interests in MHSC for those in Shinko, which had been an equity method affiliate of the Group, and merged the two entities. As a result of the transaction, the Group's ownership in MHSC was decreased to 59.22 percent at March 31, 2010. See Note 3 "Business Combination" for further details of the merger.

During the fiscal year ended March 31, 2012, the MHFG Group exchanged certain MHFG's common stock for 30.15, 40.80 and 46.02 percent of the voting equity interests in MHTB, MHSC and MHIS, respectively, in order to turn those subsidiaries into MHFG's wholly-owned subsidiaries. See Note 16 "Common stock" for further details of the transactions. Then the Group transferred 5.34 percent of the voting equity interests in MHSC to The Norinchukin Bank.

**26. Variable interest entities and securitizations*****Variable interest entities***

In the normal course of business, the MHFG Group is involved with VIEs primarily through the following types of transactions: asset-backed commercial paper/loan programs, asset-backed securitizations, investment funds, trust arrangements, and structured finance. The Group consolidated certain of these VIEs, in accordance with the new consolidation guidance effective April 1, 2010, where the Group was deemed to be the primary beneficiary because it has both (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. According to such new consolidation guidance, the MHFG Group additionally consolidated certain VIEs and former qualifying special-purpose entities (QSPEs) that had not been consolidated prior to April 1, 2010. There are also other VIEs, where the Group determined that it was not the primary beneficiary but had significant variable interests. In evaluating the significance of the variable interests, the Group comprehensively takes into consideration the extent of its involvement with each VIE, such as the seniority of its investments, the share of its holding in each tranche and the variability it expects to absorb, as well as other relevant facts and circumstances. The likelihood of loss is not necessarily relevant to the determination of significance, and therefore, significant does not imply that there is high likelihood of loss. The maximum exposure to loss that is discussed in this section refers to the maximum loss that the Group could be required to record in its consolidated statements of income as a result of its involvement with the VIE. Further, this maximum potential loss is disclosed regardless of the probability of such losses and, therefore, it is not indicative of the ongoing exposure which is managed within the Group's risk management framework.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The tables below show consolidated assets of the Group's consolidated VIEs as well as total assets and maximum exposure to loss for its significant unconsolidated VIEs, as of March 31, 2011 and 2012:

2011	Consolidated VIEs		Significant unconsolidated VIEs
	Consolidated assets	Total assets (in billions of yen)	Maximum exposure to loss
Asset-backed commercial paper/loan programs	2,085		
Asset-backed securitizations	511	680	44
Investments in securitization products	94		
Investment funds	684	1,841	266
Trust arrangements and other	176		
Total	3,550	2,521	310

2012	Consolidated VIEs		Significant unconsolidated VIEs
	Consolidated assets	Total assets (in billions of yen)	Maximum exposure to loss
Asset-backed commercial paper/loan programs	2,129		
Asset-backed securitizations	426	582	33
Investments in securitization products	74		
Investment funds	989	2,455	334
Trust arrangements and other	119		
Total	3,737	3,037	367

The Group has not provided financial or other support to consolidated or unconsolidated VIEs that the Group was not previously contractually required to provide.

The tables below present the carrying amount and classification of assets and liabilities on the MHFG Group's balance sheets that relate to its variable interests in the significant unconsolidated VIEs, as of March 31, 2011 and 2012:

Assets on balance sheets related to unconsolidated VIEs:	2011 (in billions of yen)	2012 (in billions of yen)
Trading account assets	72	46
Investments	201	202
Loans	59	120
Total	332	368

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

<b>Liabilities on balance sheets and maximum exposure to loss related to unconsolidated VIEs:</b>	<b>2011</b>	<b>2012</b>
	<b>(in billions of yen)</b>	
Trading account liabilities	1	0
Payables under securities lending transactions	23	15
<b>Total</b>	<b>24</b>	<b>15</b>
Maximum exposure to loss	310	367

F-84

---

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Asset-backed commercial paper/loan programs*

The MHFG Group manages several asset-backed commercial paper/loan programs that provide its clients off-balance-sheet and/or cost-effective financing. The VIEs 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 the MHFG Group backed by the financial assets. While customers normally continue to service the transferred receivables, the MHFG Group underwrites, distributes, and makes a market in commercial paper issued by the conduits. The MHFG Group typically provides program-wide liquidity and credit support facilities and, in some instances, financing to the VIEs. The MHFG Group has the power to determine which assets will be held in the VIEs and has an obligation to monitor these assets. The Group is also responsible for liability management. In addition, through the liquidity and credit support facilities with the VIEs, the Group has the obligation to absorb losses that could potentially be significant to the VIEs. Therefore, the Group consolidated this type of VIEs.

*Asset-backed securitizations*

The MHFG Group acts 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 VIE because its equity holder does not have decision making rights. The MHFG Group receives fees for structuring and/or distributing the securities sold to investors. In some cases, the MHFG Group itself purchases the securities issued by the entities and/or provides loans to the VIEs.

In addition, the MHFG Group establishes several single-issue and multi-issue special purpose entities that issue collateralized debt obligations ( CDO ) or CLO, synthetic CDO/CLO or other repackaged instruments to meet clients and investors financial needs. The MHFG Group also arranges securitization transactions including CMBS, RMBS and others. In these transactions, the MHFG Group acts as an underwriter, placement agent, asset manager, derivatives counterparty, and/or investor to debt and equity instruments.

In certain VIEs, where the MHFG Group provides liquidity and credit support facilities, writes credit protection or invests in debt or equity instruments in its role as an arranger, servicer, administrator or asset manager, etc., the Group has the power to determine which assets will be held in the VIEs or to manage and monitor these assets. In addition, through the variable interests above, the Group has the obligation to absorb losses and the right to receive benefits that could potentially be significant to the VIEs. Therefore, the Group consolidated such VIEs.

In a certain securitization transaction where the MHFG Group had transferred mortgage loans to a former QSPE, the Group, as continuing involvement, provides servicing for, holds retained subordinated beneficial interests in, and retains 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 QSPEs, the Group consolidated the entity as of April 1, 2010. In its role as a servicer, the Group has 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, the Group has the obligation to absorb losses and the right to receive benefits that could potentially be significant to the entity.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Investments in securitization products*

The MHFG Group invests in, among other things, various types of CDO/CLO, synthetic CDO/CLO and repackaged instruments, CMBS and RMBS arranged by third parties for the purpose of generating current income or capital appreciation, which all utilize entities that are deemed to be VIEs. 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 the Group has no contractual involvement in such VIEs beyond its investments. Since the Group is involved in those VIEs only as an investor, the Group does not ordinarily have the power to direct the VIEs' activities that most significantly impact the VIEs' economic performance. However, the Group consolidated VIEs, where the transactions were tailored by the third party arrangers to meet the Group's needs as a main investor, who is eventually deemed to have the power to determine which assets to be held in the VIEs.

*Investment funds*

The MHFG Group invests 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 the Group's subsidiaries and affiliates, administer and make investment decisions over such investment funds. The Group consolidates certain investment funds where it is deemed to be the primary beneficiary. The Group has determined that certain investment vehicles managed by the Group are provided a deferral from the requirements of SFAS No.167, because they meet the criteria in ASU No.2010-10. Therefore, these vehicles continue to be evaluated under the requirements of ASC 810 before implementing SFAS No.167.

*Trust arrangements*

The MHFG Group offers 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. The Group receives trust fees for providing services as an agent or fiduciary on behalf of beneficiaries.

With respect to guaranteed principal money trust products, the MHFG Group assumes certain risks by providing guarantees for the repayment of principal as required by the trust agreements or relevant Japanese legislation. The MHFG Group manages 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 the MHFG Group's subsidiary trust banks. The Group has the power to determine which assets will be held in the VIEs or to manage these assets. In addition, through the principal guarantee agreement, the Group has the obligation to absorb losses that could potentially be significant to the VIEs. Therefore, the Group consolidated this type of VIEs. However, the MHFG Group does not consolidate certain guaranteed principal money trusts, which invest all the entrusted funds in the MHFG Group itself, as the Group has determined that it has no variable interests (Refer to Note 12 - Due to trust accounts). See Note 24 - Commitments and contingencies for the balances of guaranteed trust principal unconsolidated at March 31, 2011 and 2012.

With respect to non-guaranteed trust arrangements, the MHFG Group manages and administers assets on behalf of its customers (trust beneficiaries) in the capacity of a trustee and fiduciary. For substantially all non-guaranteed trust arrangements, the Group generally does not have the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance or has neither the obligation to absorb losses nor the right to receive benefits that could potentially be significant to the VIEs. Therefore, such trust accounts are not included in the consolidated financial statements of the MHFG Group.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The Group has determined that, in certain trust arrangements, the adoption of SFAS No.167 is deferred, because they meet the criteria in ASU No.2010-10. These vehicles continue to be evaluated under the requirements of ASC 810 before implementing SFAS No.167.

*Special purpose entities created for structured finance*

The MHFG Group is involved in real estate, commercial aircraft and other vessel and machinery and equipment financing to VIEs. As the Group typically only provides senior financing with credit enhanced by subordinated interests and sometimes may act as an interest rate swap counterparty, the Group determined that, in this type of VIEs, it does not have the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance, or even the significant variable interests.

*Securitization*

The MHFG Group has had no significant transfers of financial assets, recognized no significant gains or losses and retained no significant interests in securitization transactions accounted for as sales.

There are certain transactions where transfers of financial assets do not qualify for sales treatment but are accounted for as secured borrowings. These transferred assets continue to be carried on the consolidated balance sheets of the MHFG Group. Such assets are associated with securitization transactions and loan participation transactions, which amounted to ¥121 billion and ¥70 billion as of March 31, 2011, and ¥132 billion and ¥60 billion as of March 31, 2012, respectively. Liabilities associated with securitization and loan participation transactions are presented as Payables under securities lending transactions and Other short-term borrowings or Long-term debt, respectively, on the consolidated balance sheets.

**27. Fees and commissions income**

Details of Fees and commissions income for the fiscal years ended March 31, 2010, 2011 and 2012 are as follows:

	2010	2011	2012
	(in millions of yen)		
Securities-related business	115,239	125,534	116,567
Remittance business	105,366	105,314	105,015
Deposits, debentures and lending business	94,547	95,209	97,509
Trust fees	49,101	47,201	45,990
Fees for other customer services	222,155	208,842	210,332
Total	586,408	582,100	575,413

Securities-related business fees consist of broker's fees and markups on securities underwriting and other securities related activities. Remittance business fees consist of service charges for funds transfer and collections. Trust fees are earned primarily by fiduciary asset management and administration service for corporate pension plans, investment funds, and other. Fees for other customer services include fees related to the MHFG Group's agency business, guarantee related business, and other.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****28. Trading account gains and losses**

The MHFG Group performs trading activities through market-making, sales, and arbitrage. Net trading gains (losses) for the fiscal years ended March 31, 2010, 2011 and 2012 are comprised of the following:

	2010	2011	2012
	(in millions of yen)		
Trading account gains (losses) net:			
Trading securities	226,278	55,339	227,056
Derivative contracts	195,315	150,677	106,259
Total	421,593	206,016	333,315
Foreign exchange gains (losses) net <sup>(Note)</sup>	(1,311)	55,998	98,054
Net trading gains (losses)	420,282	262,014	431,369

Note: Amounts include realized and unrealized gains and losses on both derivative instruments and nonderivative instruments.

**29. Fair value*****Fair value measurements***

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Additionally, ASC 820 precludes (1) deferral of gains and losses at inception of certain derivative contracts whose fair value was not evidenced by market-observable data, and (2) use of block discounts when measuring the fair value of instruments traded in an active market, which were previously applied to large holdings of publicly traded financial instruments.

***Fair value hierarchy***

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The standard describes 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**

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

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, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

F-88



---

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Following is a description of valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis, including the general classification of such instruments pursuant to the fair value hierarchy and the MHFG Group's valuation techniques used to measure fair values. During the fiscal year ended March 31, 2012, there were no material changes made to the Group's valuation techniques and related inputs.

*Trading securities and trading securities sold, not yet purchased*

When quoted prices for identical securities are available in an active market, the Group uses the quoted prices to measure fair values of securities and such securities are classified in Level 1 of the fair value hierarchy. Level 1 securities include highly liquid government bonds and Ginnie Mae securities. When quoted prices for identical securities are available, but not actively traded, such securities are classified in Level 2 of the fair value hierarchy. When no quoted market price is available, the Group estimates fair values by using a pricing model with inputs that are observable in the market and such securities are classified in Level 2 of the fair value hierarchy. Level 2 securities include Japanese local government bonds, corporate bonds, and commercial paper. When less liquidity exists for securities, the quoted prices are stale or the prices from independent sources vary, such securities are generally classified in Level 3 of the fair value hierarchy. The fair value of foreign currency denominated securitization products such as RMBS, CMBS, and asset-backed securities (ABS) is determined primarily by using a discounted cash flow model. The key inputs used for the model include default rates, recovery rates, pre-payment rates, and discount rates. In the case that certain key inputs are unobservable or cannot be corroborated by observable market data, these financial instruments are classified in Level 3.

The investment funds are classified in either Level 1, Level 2, or Level 3 of the fair value hierarchy. Among those funds, exchange-traded funds (ETF) are generally classified in Level 1, while the others are classified in Level 2 or Level 3. Investment trusts and hedge funds are generally classified in Level 2, since those funds are measured at NAV per share and the MHFG Group has the ability to redeem its investment with the investees at NAV per share at the measurement date or within the near term. Contrarily, private equity funds and real estate funds measured at NAV per share are generally classified in Level 3, as the Group does not have such an ability.

*Derivative financial instruments*

Exchange-traded derivatives are valued using quoted market prices and so are classified in Level 1 of the fair value hierarchy. However, the majority of derivatives entered into by the Group are executed over-the-counter and so are valued using internal valuation techniques as no quoted market price is available for such instruments. The valuation techniques depend on the type of derivatives. The principal techniques used to value these instruments are discounted cash flow models and the Black-Scholes option pricing model, which are widely accepted in the financial services industry. The key inputs vary with the type of derivatives and the nature of the underlying instruments and include interest rate yield curves, foreign exchange rates, the spot price of the underlying, volatility and correlation. Each item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Level 2 derivatives include plain vanilla interest rate and currency swaps and option contracts. Derivative contracts valued using significant unobservable correlation or volatility are classified in Level 3 of the fair value hierarchy.

*Investments*

Fair values of available-for-sale securities are determined primarily using the same procedures described for trading securities above. Since private placement bonds have no quoted market prices, the fair values of such bonds are estimated based on a discounted cash flow model using interest rates approximating the current rates for instruments with similar maturities and credit risk. Private placement corporate bonds are placed in either

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Level 2 or Level 3 depending on the observability of the significant inputs to the model, such as credit risk. The fair value of Japanese securitization products such as RMBS, CMBS, CDO, ABS, and CLO is generally based upon single non-binding quoted prices from broker-dealers. Such quotes are validated through the Group's internal process. In the rare case where the Group finds the quoted prices to be invalid through its internal valuation process, it adjusts their prices or alternatively estimates their fair values by using a discounted cash flow model to incorporate the Group's estimates of key inputs such as the most recent value of each underlying asset, cash flow generated on the underlying assets, and discount margin. The validation of such prices varies depending on the nature and type of the products. For the majority of RMBS, CDO, ABS and CLO products, broker quotes are validated by investigating significant unusual monthly valuation fluctuations and comparing to prices internally computed through discounted cash flow models using assumptions and parameters offered by brokers such as cash flows of underlying assets, yield curve, prepayment speed and credit spread. For the majority of CMBS, the MHFG Group validates broker quotes through a review process that includes investigation of significant unusual monthly valuation fluctuations and/or a review of underlying assets with significant differences between the valuations of the Group and the broker-dealers being identified. Though most Japanese securitization products are classified in Level 3, certain securitization products such as Japanese RMBS are classified in Level 2, if the quoted prices are verified through either the recent market transaction or a pricing model that can be corroborated by observable market data.

Other investments, except investments held by consolidated investment companies, have not been measured at fair value on a recurring basis. Investments held by consolidated investment companies mainly consist of marketable and non-marketable equity securities and debt securities. The fair value of the marketable equity securities is based upon quoted market prices. The fair value of the non-marketable equity securities is based upon significant management judgment, as very limited quoted prices exist. When evaluating such securities, the Group firstly considers recent market transactions of the identical security, if applicable. Otherwise, the Group uses commonly accepted valuation techniques such as earnings multiples based on comparable public securities. Non-marketable equity securities are generally classified in Level 3 of the fair value hierarchy. The fair value of the debt securities is estimated using a discounted cash flow model, since they have no quoted market prices. Those debt securities are classified in Level 3, because the credit risks are unobservable.

*Long-term debt*

Where fair value accounting has been elected for structured notes, the fair values of those are determined by incorporating the fair values of embedded derivatives primarily derived from the same procedures described for derivative financial instruments above. Such instruments are classified in Level 2 or Level 3 depending on the observability of significant inputs to the model of the embedded derivatives. Where fair value accounting has been elected for non-structured notes issued by consolidated VIEs, the fair values of those are determined primarily based upon the fair values of the underlying assets held by consolidated VIEs. Such instruments are classified in Level 3 because the underlying assets held by consolidated VIEs are securitization products classified in Level 3.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Items measured at fair value on a recurring basis*

Assets and liabilities measured at fair value on a recurring basis at March 31, 2011 and 2012, including those for which the MHFG Group has elected the fair value option, are summarized below:

2011	Level 1	Level 2	Level 3	Assets/ Liabilities at fair value
	(in billions of yen)			
<b>Assets:</b>				
Trading securities <sup>(2)</sup> :				
Japanese government bonds	4,834	128		4,962
Japanese local gov t bonds		162		162
U.S. Treasury bonds and federal agency securities	2,731	81		2,812
Other foreign gov t bonds	1,140	109	1	1,250
Agency mortgage-backed securities	880	425		1,305
Residential mortgage-backed securities		1	206	207
Commercial mortgage-backed securities		1	50	51
Certificates of deposit and commercial paper		1,253		1,253
Corporate bonds and other	144	1,211	452	1,807
Equity securities	714	360	96	1,170
Derivatives:				
Interest rate contracts	3	9,946	15	9,964
Foreign exchange contracts	2	2,769	74	2,845
Equity-related contracts	20	68	66	154
Credit-related contracts		27	32	59
Other contracts			104	104
Available-for-sale securities:				
Japanese government bonds	27,605	1,608		29,213
Japanese local gov t bonds		230		230
U.S. Treasury bonds and federal agency securities	128			128
Other foreign gov t bonds	196	95		291
Agency mortgage-backed securities	83	682		765
Residential mortgage-backed securities		331	429	760
Commercial mortgage-backed securities			486	486
Japanese corporate bonds and other debt securities		2,908	289	3,197
Foreign corporate bonds and other debt securities	34	364	248	646
Equity securities (marketable)	2,741	92		2,833
Other investments	26		260	286
Total assets at fair value on a recurring basis <sup>(3)</sup>	41,281	22,851	2,808	66,940
<b>Liabilities:</b>				
Trading securities sold, not yet purchased	4,254	161		4,415
Derivatives:				
Interest rate contracts	1	9,505	35	9,541
Foreign exchange contracts	2	2,422	41	2,465
Equity-related contracts	25	88	37	150
Credit-related contracts		32	7	39

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Other contracts	1	2	84	87
Long-term debt <sup>(4)</sup>		1	440	441
Total liabilities at fair value on a recurring basis	4,283	12,211	644	17,138

F-91

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

2012	Level 1	Level 2 (in billions of yen)	Level 3	Assets/ Liabilities at fair value
<b>Assets:</b>				
Trading securities <sup>(2)</sup> :				
Japanese government bonds	6,017	38		6,055
Japanese local gov t bonds		91		91
U.S. Treasury bonds and federal agency securities	4,425	170		4,595
Other foreign gov t bonds	1,273	117		1,390
Agency mortgage-backed securities	1,894	272		2,166
Residential mortgage-backed securities			159	159
Commercial mortgage-backed securities		2	26	28
Certificates of deposit and commercial paper		1,041		1,041
Corporate bonds and other	119	1,220	355	1,694
Equity securities	553	456	82	1,091
Derivatives:				
Interest rate contracts	8	9,751	30	9,789
Foreign exchange contracts	2	2,507	73	2,582
Equity-related contracts	27	80	38	145
Credit-related contracts		34	25	59
Other contracts			61	61
Available-for-sale securities:				
Japanese government bonds	31,066	1,581		32,647
Japanese local gov t bonds		273		273
U.S. Treasury bonds and federal agency securities	101			101
Other foreign gov t bonds	279	166		445
Agency mortgage-backed securities	150	830		980
Residential mortgage-backed securities		223	348	571
Commercial mortgage-backed securities			330	330
Japanese corporate bonds and other debt securities		2,352	226	2,578
Foreign corporate bonds and other debt securities	12	294	236	542
Equity securities (marketable)	2,660	132		2,792
Other investments	1		189	190
Total assets at fair value on a recurring basis <sup>(3)</sup>	48,587	21,630	2,178	72,395
<b>Liabilities:</b>				
Trading securities sold, not yet purchased	4,610	78		4,688
Derivatives:				
Interest rate contracts	5	9,408	40	9,453
Foreign exchange contracts	1	2,537	36	2,574
Equity-related contracts	46	118	16	180
Credit-related contracts		34	2	36
Other contracts			46	46
Long-term debt <sup>(4)</sup>		1	460	461
Total liabilities at fair value on a recurring basis	4,662	12,176	600	17,438

Notes:

- (1) Certain amounts as of March 31, 2011 have been reclassified to conform to the current period's presentation.
- (2) Trading securities include foreign currency denominated securities for which the MHFG Group elected the fair value option.
- (3) Amounts include the investments measured at NAV per share at March 31, 2011 and 2012, of ¥542 billion and ¥631 billion, respectively, of which ¥482 billion and ¥581 billion, respectively, are classified in Level 2, and ¥60 billion and ¥50 billion, respectively, are classified in Level 3.
- (4) Amounts represent items for which the Group elected the fair value option.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Items measured at fair value on a recurring basis using significant unobservable inputs (Level 3)

The table below presents a reconciliation for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the fiscal years ended March 31, 2011 and 2012:

2011	April 1, 2010	Net realized/unrealized gains (losses)	Transfers in and/or out of Level 3 (in billions of yen)	Purchases, sales, issuances and settlements <sup>(8)</sup>	March 31, 2011	Change in unrealized gains (losses) still held <sup>(7)</sup>
<b>Assets:</b>						
Trading securities:						
Other foreign gov t bonds	2	(3)		(1)	1	
Residential mortgage-backed securities	200	(8) <sup>(3)</sup>		14	206	3
Commercial mortgage-backed securities	63	(4) <sup>(3)</sup>		(9)	50	(1)
Corporate bonds and other	569	(21) <sup>(3)</sup>	22	(118)	452	(10)
Equity securities	86	4 <sup>(3)</sup>	20	(14)	96	2
Derivatives, net <sup>(2)</sup> :						
Interest rate contracts	(17)	(5) <sup>(3)</sup>		2	(20)	(6)
Foreign exchange contracts		32 <sup>(3)</sup>		1	33	30
Equity-related contracts	38	(10) <sup>(3)</sup>		1	29	(6)
Credit-related contracts	17	(23) <sup>(3)</sup>	(1)	32	25	(9)
Other contracts	21	6 <sup>(3)</sup>		(7)	20	2
Available-for-sale securities:						
Residential mortgage-backed securities	573	1 <sup>(4)</sup>		(145)	429	(2)
Commercial mortgage-backed securities	650	(10) <sup>(4)</sup>		(154)	486	(10)
Japanese corporate bonds and other debt securities	522	2 <sup>(4)</sup>	(35)	(200)	289	
Foreign corporate bonds and other debt securities	357	(3) <sup>(4)</sup>	(13)	(93)	248	
Equity securities (marketable)	3	(1) <sup>(4)</sup>		(2)		
Other investments	96	(3) <sup>(5)</sup>	(16)	183	260	
<b>Liabilities:</b>						
Long-term debt	350	8 <sup>(6)</sup>	1	97	440	7

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

2012	April 1, 2011	Net realized/unrealized gains (losses)	Transfers in and/or out of Level 3	Purchases	Sales	Issuances	Settlements	March 31, 2012	Change in unrealized gains (losses) still held <sup>(7)</sup>
				(in billions of yen)					
<b>Assets:</b>									
Trading securities:									
Other foreign gov t bonds	1	(3)			(1)				
Residential mortgage-backed securities	206	(10) <sup>(3)</sup>		1	(3)		(35)	159	(8)
Commercial mortgage-backed securities	50	(3) <sup>(3)</sup>		2	(4)		(19)	26	(4)
Corporate bonds and other	452	(14) <sup>(3)</sup>	13	579	(510)		(165)	355	(19)
Equity securities	96	(6) <sup>(3)</sup>	(2)	18	(24)			82	(4)
Derivatives, net <sup>(2)</sup> :									
Interest rate contracts	(20)	6 <sup>(3)</sup>					4	(10)	9
Foreign exchange contracts	33	7 <sup>(3)</sup>					(3)	37	6
Equity-related contracts	29	(9) <sup>(3)</sup>					2	22	(5)
Credit-related contracts	25	(2) <sup>(3)</sup>						23	1
Other contracts	20	1 <sup>(3)</sup>					(6)	15	(3)
Available-for-sale securities:									
Residential mortgage-backed securities	429	(4)		31	(9)		(103)	348	(2)
Commercial mortgage-backed securities	486	11 <sup>(4)</sup>		36	(115)		(88)	330	(5)
Japanese corporate bonds and other debt securities	289	(2) <sup>(4)</sup>		61	(2)		(120)	226	
Foreign corporate bonds and other debt securities	248	(4)		72			(84)	236	
Other investments	260	(6) <sup>(5)</sup>	(1)	7	(8)		(63)	189	(8)
<b>Liabilities:</b>									
Long-term debt	440	(9) <sup>(6)</sup>				80	(69)	460	(6)

## Notes:

- (1) Certain amounts for the fiscal year ended March 31, 2011 have been reclassified to conform to the current period's presentation.
- (2) Total Level 3 derivative exposures have been netted on the table for presentation purpose only.
- (3) Realized and unrealized gains (losses) are reported in Trading account gains (losses) net, Foreign exchange gains (losses) net or Other noninterest income (expenses).
- (4) Realized gains (losses) are reported in Investment gains (losses) net. Unrealized gains (losses) are reported in Accumulated other comprehensive income (loss).
- (5) Realized and unrealized gains (losses) are reported in Investment gains (losses) net.
- (6) Realized and unrealized gains (losses) are reported in Other noninterest income (expenses).
- (7) Amounts represent total gains or losses recognized in earnings during the fiscal year. These gains or losses are attributable to the change in fair value relating to assets and liabilities classified as Level 3 that are still held at March 31, 2011 and 2012.
- (8) Due to the application of SFAS No.167, new consolidation guidance for VIEs, Level 3 assets increased by ¥170 billion during the fiscal year ended March 31, 2011, which was reflected as purchases, sales, issuances and settlements on the table.



**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Significant transfers between levels*

Transfers of assets or liabilities between levels of the fair value hierarchy are assumed to occur at the beginning of the period. There were no significant transfers of assets or liabilities between Level 1 and Level 2 for the fiscal years ended March 31, 2011 and 2012. There were no significant transfers of assets or liabilities between Level 1 or Level 2 and Level 3 for the fiscal years ended March 31, 2011 and 2012.

*Items measured at fair value on a nonrecurring basis*

Certain assets and liabilities are measured at fair value on a nonrecurring basis and are not included in the tables above. These assets and liabilities primarily include items that are measured at the lower of cost or fair value, and items that were initially measured at cost and have been written down to fair value as a result of impairment. The following table shows the fair value hierarchy for those items as of March 31, 2011 and 2012.

<b>2011</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Aggregate cost</b>
	<b>(in billions of yen)</b>				
<b>Assets:</b>					
Loans	276			276	408
Loans held-for-sale	5		4	1	6
Other investments	23	5		18	26
Goodwill	6			6	15
Total assets at fair value on a nonrecurring basis	310	5	4	301	455
<b>2012</b>					
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Aggregate cost</b>
	<b>(in billions of yen)</b>				
<b>Assets:</b>					
Loans	188			188	282
Loans held-for-sale	3		2	1	6
Other investments	17	5		12	21
Premises and equipment net					4
Goodwill					6
Total assets at fair value on a nonrecurring basis	208	5	2	201	319
<b>Liabilities:</b>					
Other liabilities	1			1	
Total liabilities at fair value on a nonrecurring basis	1			1	

Loans in the table above have been impaired and measured based on the fair value of the underlying collateral.

Loans held-for-sale in the table above are accounted for at the lower of cost or fair value at the end of the fiscal year. The items of which fair values are determined by using actual or contractually determined selling price data are classified as Level 2. Due to the lack of current observable market information, the determination of fair value for items other than above requires significant adjustment based on management judgment and estimation, which leads such items into Level 3.

## Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Other investments in the table above, which consist of certain equity method investments and non-marketable equity securities, have been impaired and written down to fair value. The fair value of the impaired marketable equity method investment is determined by the quoted market price. As the security involved is traded in an

F-95

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

active exchange market, this item is classified as Level 1. The fair value of the impaired non-marketable equity securities, which include non-marketable equity method investments, is determined primarily by using a liquidation value technique. As significant management judgment or estimation is required in the determination of the fair value of non-marketable equity securities, these items are classified as Level 3.

Premises and equipment net in the table above have been impaired and written down to fair value.

Goodwill in the table above is entirely related to MHIS operating segment. Due to the decline of the fair value of the segment, the carrying amount of the goodwill was reduced to its fair value and an impairment loss was recognized. As the determination of fair value of the goodwill required significant management judgment and estimation, the item is classified as Level 3.

Other liabilities in the table above represent amounts recorded for loan commitments where loans drawn under the commitment will be held for sale. The losses were measured in the same manner as loans held-for-sale above.

***Fair value option***

The MHFG Group elected the fair value option for certain eligible financial instruments described below.

***Foreign currency denominated available-for-sale securities***

Prior to the adoption of the fair value option under ASC 825, the changes in fair value of foreign currency denominated available-for-sale securities had been accounted for in Accumulated other comprehensive income, net of tax, while the changes in fair value caused by foreign exchange fluctuation of foreign currency denominated financial liabilities had been accounted for in earnings. The MHFG Group elected the fair value option for those securities to mitigate the volatility in earnings due to the difference in the recognition of foreign exchange risk between available-for-sale securities and financial liabilities. Following the election of the fair value option, these securities have been reported as trading securities in Trading account assets.

***Certain hybrid financial instruments***

The MHFG Group issues structured notes as part of its client-driven activities. Structured notes are debt instruments that contain embedded derivatives. The Group elected the fair value option for certain structured notes to mitigate accounting mismatches and to achieve operational simplifications. Following the election of the fair value option, those structured notes continue to be reported in Long-term debt and interest on those structured notes continues to be reported in Interest expense on long-term debt based on the contractual rates. The differences between the aggregate fair value of those structured notes for which the fair value option has been elected and the aggregate unpaid principal balance of such instruments were ¥48 billion and ¥39 billion at March 31, 2011 and 2012, respectively. The net unrealized gains (losses) resulting from changes in fair values of those structured notes of ¥8 billion and ¥(7) billion were recorded in Other noninterest income (expenses) for the fiscal years ended March 31, 2011 and 2012, respectively.

***Financial assets and liabilities held by consolidated VIEs***

The MHFG Group consolidates certain VIEs that issue CDOs where MHFG or its subsidiaries have been determined to be the primary beneficiary. The Group elected the fair value option for certain assets held and notes issued by those VIEs to eliminate the divergence between accounting income and economic income. The assets were reported in Trading account assets, while the notes were reported in Long-term debt. The fair value option enabled the Group to recognize the gains or losses attributing to only the notes that the Group held. The

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

differences between the aggregate fair value of those notes for which the fair value option has been elected and the aggregate unpaid principal balance of such instruments were ¥12 billion and ¥12 billion at March 31, 2011 and 2012, respectively. There were no significant changes in fair values of those notes during the fiscal years ended March 31, 2011 and 2012.

***Fair value of financial instruments***

ASC 825 requires the disclosure of the estimated fair value of financial instruments. Fair value of financial instruments is the amount that would be exchanged between willing parties, other than in a forced sale or liquidation. Quoted market prices, if available, are best utilized as estimates of the fair values of financial instruments. However, since no quoted market prices are available for certain financial instruments, fair values for such financial instruments have been estimated based on management's assumptions, discounted cash flow models or other valuation techniques. Such estimation methods are described in more detail below. These estimates could be significantly affected by different sets of assumptions. There are certain limitations to management's best judgment in estimating fair values of financial instruments and inherent subjectivity involved in estimation methodologies and assumptions used to estimate fair value. Accordingly, the net realizable or liquidation values could be materially different from the estimates presented below.

ASC 825 does not require the disclosure of the fair value of nonfinancial instruments.

The carrying amounts and fair values of certain financial instruments, excluding the financial instruments outside the scope of ASC 825 such as the equity method investments and lease contracts as defined in ASC 840, Leases (ASC 840), at March 31, 2011 and 2012 are as follows:

	2011		2012	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
	(in billions of yen)			
<b>Financial assets:</b>				
Cash and due from banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	24,516	24,516	21,141	21,141
Trading securities	14,979	14,979	18,310	18,310
Investments	40,037	40,043	43,251	43,266
Loans, net of allowance for loan losses	63,918	64,330	65,275	65,597
Other financial assets	2,653	2,653	2,901	2,901
Derivative financial instruments	13,126	13,126	12,636	12,636
<b>Financial liabilities:</b>				
Noninterest-bearing deposits, call money and funds purchased, and payables under repurchase agreements and securities lending transactions	35,014	35,014	37,652	37,652
Interest-bearing deposits	76,403	76,354	79,266	79,209
Debentures	741	735		
Trading securities sold, not yet purchased	4,415	4,415	4,688	4,688
Due to trust accounts	629	629	560	560
Commercial paper and other short-term borrowings	15,151	15,151	13,950	13,946
Long-term debt	8,930	9,318	8,441	8,785
Other financial liabilities	4,084	4,084	4,635	4,635
Derivative financial instruments	12,282	12,282	12,289	12,289

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Following is a description of valuation methodologies used for estimating fair value for financial assets and liabilities not carried at fair value on the MHFG Group's consolidated balance sheets.

*Cash and due from banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions*

The carrying value of short-term financial assets, such as cash and due from banks, interest-bearing deposits in other banks, call loans and funds sold, and receivables under resale agreements and securities borrowing transactions approximates the fair value of these assets since they generally involve limited losses from credit risk or have short-term maturities with interest rates that approximate market rates.

*Investments*

Fair values of held-to-maturity securities are determined primarily using the same procedures described for trading securities and available-for-sale securities aforementioned in this section. The fair values of other equity interests, which primarily comprise non-marketable equity securities, are not readily determinable, and their carrying amounts of ¥495 billion and ¥561 billion at March 31, 2011 and 2012, respectively, are not included in the disclosure.

*Loans*

Performing loans have been fair valued as groups of similar loans based on the type of loan, credit quality, prepayment assumptions and remaining maturity. The fair value of performing loans is determined based on discounted cash flows using interest rates approximating the MHFG Group's current rates for similar loans. The fair value of impaired loans is determined based on either discounted cash flows incorporating the Group's best estimate of the expected future cash flows or the fair value of the underlying collateral if impaired loans are collateral dependent.

*Other financial assets*

The carrying value of other financial assets, such as accrued interest receivable and accounts receivable from brokers, dealers, and customers for securities transactions, approximates the fair value of these assets since they generally involve limited losses from credit risk or have short-term maturities with interest rates that approximate market rates.

*Noninterest-bearing deposits, call money and funds purchased, and payables under repurchase agreements and securities lending transactions*

The carrying value of short-term financial liabilities, such as noninterest-bearing deposits, call money and funds purchased, and payables under repurchase agreements and securities lending transactions approximates the fair value of these liabilities since they generally have short-term maturities with interest rates that approximate market rates.

*Interest-bearing deposits*

The carrying value of demand deposits approximates the fair value since it represents the amount payable on demand at the balance sheet date. The fair value of time deposits and certificates of deposit is primarily estimated based on discounted cash flow analysis using current interest rates for instruments with similar maturities. The carrying value of short-term certificates of deposit approximates the fair value.

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Debentures*

Debentures are fair valued using quoted market prices, if available. Otherwise, the fair value of debentures is estimated based on discounted cash flow analysis using current interest rates for instruments with similar maturities.

*Due to trust accounts*

The carrying value of due to trust accounts approximates the fair value since they generally have short-term maturities with interest rates that approximate market rates.

*Commercial paper and other short-term borrowings*

The carrying value of the majority of short-term borrowings approximates the fair value since they generally have short-term maturities with interest rates that approximate market rates. The fair value of certain borrowings is estimated based on discounted cash flow analysis using interest rates approximating the MHFG Group's incremental borrowing rates with similar maturities.

*Long-term debt*

Long-term debt is fair valued using quoted market prices, if available. Otherwise, the fair value of long-term debt is estimated based on discounted cash flow analysis using interest rates approximating the MHFG Group's incremental borrowing rates with similar maturities.

*Other financial liabilities*

The carrying value of other financial liabilities, such as accrued interest payable and accounts payable to brokers, dealers, and customers for securities transactions, approximates the fair value.

The fair values of certain off-balance-sheet financial instruments, such as commitments to extend credit and commercial letters of credit, are not considered material to the consolidated balance sheets at March 31, 2011 and 2012.

**30. Related party transactions**

*Transactions with directors, executive officers, and their associates*

The banking subsidiaries of MHFG make loans to the MHFG Group's directors, executive officers, and their associates in their ordinary course of business. At March 31, 2011 and 2012, outstanding loans to such related parties were not considered significant. These related party loans were made on substantially the same terms, including interest rate and collateral, as those prevailing at the same time for comparable transactions with unrelated parties. At March 31, 2011 and 2012, there were no loans to these related parties that were considered impaired.

Other transactions, such as deposits, were entered into between MHFG's subsidiaries and the MHFG Group's directors, executive officers, and their associates during the fiscal years ended March 31, 2010, 2011 and 2012. The outstanding amounts of these transactions, which were made in the ordinary course of business with terms equivalent to those with unrelated parties, were not considered significant.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Transactions with other related parties*

A number of transactions were entered into with other related parties, such as MHFG's employees and affiliates accounted for under the equity method. These transactions included loans, deposits, and other banking services. They were not significant in amount and were conducted with substantially the same terms as those for comparable transactions with unrelated parties.

**31. Business segment information**

Under U.S. GAAP, companies report segment information based on the way management disaggregates the company for making operating decisions. The MHFG Group's operating segments are based on the nature of the products and services provided, the type of customer and the Group's 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 the Group's business segments. The management measures the performance of each of the 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 is provided for the segments' total net business profits with Income before income tax expense (benefit) under U.S. GAAP.

Note 32 Foreign activities provides financial information relating to the MHFG Group's operations by geographic area.

MHFG manages its business portfolio through the 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 MHCB and MHSC, the Global Retail Group consists primarily of MHBK and MHIS, and the Global Asset & Wealth Management Group consists primarily of MHTB. Operating segments of MHCB and MHBK are aggregated within each entity based on customer characteristics and functions. Operating segments of MHCB are aggregated into three reportable segments, domestic, international, and trading and others. Operating segments of MHBK 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.

***The Global Corporate Group******MHCB***

MHCB 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.

**(1) Domestic**

This segment consists of the following three units of MHCB: 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.

**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(2) International

This segment mainly offers commercial banking and foreign exchange transaction services to foreign corporations, including foreign subsidiaries of Japanese corporations, through MHC B's overseas network.

(3) 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 MHC B's customers' financial and business risk control requirements. It is also engaged in MHC B'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 MHC B.

(4) *MHSC*

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

(5) *Others*

This segment consists of MHC B's subsidiaries other than MHSC, but includes MHSC's subsidiaries. These subsidiaries offer financial products and services in specific areas of business or countries mainly to customers of the Global Corporate Group.

***The Global Retail Group***

***MHBK***

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

(6) Retail banking

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

(7) *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.

(8) *Trading and others*

This segment supports the retail banking and corporate banking segments in offering derivatives and other risk hedging products to satisfy MHBK's customers' financial and business risk control requirements. It is also engaged in MHBK'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 MHBK.





**Table of Contents**

**MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

(9) *MHIS*

MHIS 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.

(10) *Others*

This segment consists of MHBK's subsidiaries other than MHIS. These subsidiaries, such as Mizuho Capital Co., Ltd. and Mizuho Business Financial Center Co., Ltd., offer financial products and services in specific areas of business to customers of the Global Retail Group.

***The Global Asset & Wealth Management Group***

(11) *MHTB*

MHTB 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.

(12) *Others*

This segment includes companies other than MHTB that are a part of the Global Asset & Wealth Management Group. These companies include TCSB, Mizuho Asset Management Co., Ltd., DIAM Co., Ltd., which is an equity-method affiliate, and Mizuho Private Wealth Management Co., Ltd. They offer products and services related to trust and custody, asset management and private banking.

(13) *Others*

This segment consists of MHFG 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, the MHFG Group offers non-banking services, including research and consulting services through Mizuho Research Institute Ltd., information technology-related services through Mizuho Information & Research Institute, Inc., and advisory services to financial institutions through Mizuho Financial Strategy Co., Ltd.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The information below for reportable segments is derived from the internal management reporting system. Management does not use information on segments' assets to allocate resources and assess performance and has not prepared information on segment assets. Accordingly, information on segment assets is not available.

	Global Corporate Group MHC B							Global Retail Group MHBK							Global Asset & Wealth Management Group			
	Total	Total	Inter- Domestic (1)	national (2)	Trading and others (3)	MHSC (4)	Others (5)	Total	Total	Retail banking (6)	Corporate banking (7)	Trading and others (8)	MHIS (9)	Others (10)	Total	MHTB (11)	Others (12)	Others (13)
Profits:																		
Rest																		
(e)	470.6	444.8	175.0	85.8	184.0	(10.7)	36.5	641.6	612.9	263.5	266.4	83.0	0.4	28.3	46.2	44.9	1.3	(6.7)
Rest																		
(e)	449.9	197.5	110.7	31.7	55.1	188.5	63.9	258.8	205.9	25.0	126.5	54.4	47.2	5.7	130.5	87.1	43.4	5.7
and																		
Administrative	920.5	642.3	285.7	117.5	239.1	177.8	100.4	900.4	818.8	288.5	392.9	137.4	47.6	34.0	176.7	132.0	44.7	(1.0)
Expenses																		
(e)	478.1	246.9	97.5	54.4	95.0	153.4	77.8	617.7	570.4	245.8	228.9	95.7	40.0	7.3	128.5	89.9	38.6	(11.1)
(11.8)																		
(11.8)								(11.8)	(2.0)					(2.0)	(2.8)		(2.8)	(64.2)
Business																		
Losses)	430.6	395.4	188.2	63.1	144.1	24.4	10.8	280.7	248.4	42.7	164.0	41.7	7.6	24.7	45.4	42.1	3.3	(54.1)

	Global Corporate Group MHC B							Global Retail Group MHBK							Global Asset & Wealth Management Group			
	Total	Total	Inter- Domestic (1)	national (2)	Trading and others (3)	MHSC (4)	Others (5)	Total	Total	Retail banking (6)	Corporate banking (7)	Trading and others (8)	MHIS (9)	Others (10)	Total	MHTB (11)	Others (12)	Others (13)
Profits:																		
Rest																		
(e)	457.0	395.8	176.0	86.3	133.5	(9.2)	70.4	614.5	571.8	248.2	266.9	56.7	0.6	42.1	43.4	42.5	0.9	(5.4)
Rest																		
(e)	483.5	282.5	115.2	56.9	110.4	158.9	42.1	294.8	237.5	34.6	124.9	78.0	49.8	7.5	126.0	81.0	45.0	11.5
and																		
Administrative	940.5	678.3	291.2	143.2	243.9	149.7	112.5	909.3	809.3	282.8	391.8	134.7	50.4	49.6	169.4	123.5	45.9	6.1
Expenses																		
(e)	471.3	235.0	88.8	62.1	84.1	160.9	75.4	605.3	554.8	237.7	223.7	93.4	41.0	9.5	117.5	79.0	38.5	0.2
(56.7)																		
(56.7)								(56.7)	(15.9)					(15.9)	(2.1)		(2.1)	(14.6)

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

	Global Corporate Group MHC							Global Retail Group MHBK					Global Asset & Wealth Management Group						
	Domestic		Inter-national		Trading and others		Others	Retail banking		Corporate banking		Trading and others		MHIS	Others	MHTB		Others	Others
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
	(in billions of yen)																		
Business losses	412.5	443.3	202.4	81.1	159.8	(11.2)	(19.6)	288.1	254.5	45.1	168.1	41.3	9.4	24.2	49.8	44.5	5.3	(8.7)	
Profits:																			
Rest																			
Net	468.3	395.0	166.6	96.8	131.6	(4.1)	77.4	583.9	545.4	239.2	254.6	51.6	0.7	37.8	43.4	42.7	0.7	(7.3)	
Rest	449.4	286.8	119.8	61.6	105.4	120.5	42.1	305.8	253.3	39.7	121.6	92.0	43.9	8.6	131.2	84.3	46.9	28.4	
Net	917.7	681.8	286.4	158.4	237.0	116.4	119.5	889.7	798.7	278.9	376.2	143.6	44.6	46.4	174.6	127.0	47.6	21.1	
General and administrative expenses	465.4	244.9	89.8	62.0	93.1	144.8	75.7	608.5	556.4	243.0	221.7	91.7	40.9	11.2	117.1	78.0	39.1	15.3	
	(52.1)						(52.1)	(14.0)						(14.0)	(1.9)		(1.9)	(9.7)	
Business losses	400.2	436.9	196.6	96.4	143.9	(28.4)	(8.3)	267.2	242.3	35.9	154.5	51.9	3.7	21.2	55.6	49.0	6.6	(3.9)	

Notes:

- (1) For the period before the merger of MHSC and Shinko (i.e. May 7, 2009), (4) MHSC does not include Shinko's figures, as Shinko was an equity method affiliate for the period.
- (2) (5) Others, (10) Others, and (12) Others include elimination of transactions between companies within the Global Corporate Group, the Global Retail Group, and the Global Asset & Wealth Management Group, respectively. (13) Others include elimination of transactions between the Global Groups.
- (3) 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.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Reconciliation*

As explained above, the measurement base for the internal management reporting system and the income and expenses items covered are different from the accompanying consolidated statements of income. Therefore, it is impracticable to present reconciliations of all the business segments' information, other than net business profits, to corresponding items in the accompanying consolidated statements of income.

A reconciliation of total net business profits under the internal management reporting system for the fiscal years ended March 31, 2010, 2011 and 2012 presented above to Income before income tax expense (benefit) shown on the consolidated statements of income is as follows:

	2010	2011	2012
	(in billions of yen)		
Net business profits	702.6	741.7	719.1
U.S. GAAP adjustments	144.1	(98.4)	87.2
(Provision) credit for loan losses	(222.1)	(0.6)	23.0
Net gains (losses) related to equity investments	34.1	2.2	(90.5)
Non-recurring personnel expense	(43.9)	(22.8)	(39.3)
Gains on disposal of premises and equipment	27.6	13.5	19.9
(Provision) credit for losses on off-balance-sheet instruments	24.1	(4.4)	1.2
Others net (Note)	20.0	(19.8)	(57.8)
Income before income tax expense (benefit)	686.5	611.4	662.8

Note: With respect to the hedges related to credit risk mitigation transactions, the MHFG Group recognized a loss of ¥90.6 billion, ¥8.2 billion and ¥3.4 billion recorded in Other noninterest expenses, for the fiscal years ended March 31, 2010, 2011 and 2012, respectively. Amount for the fiscal year ended March 31, 2010 also includes a gain of ¥106.3 billion on a bargain purchase of Shinko which is included in Other noninterest income. See Note 23 Derivative financial instruments and Note 3 Business combination for further information.

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****32. Foreign activities**

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 the MHFG Group's operations are highly integrated globally, estimates and assumptions have been made for an allocation among the geographic areas.

	Japan	Americas	Europe (in billions of yen)	Asia/Oceania excluding Japan, and others	Total
<b>Fiscal year ended March 31, 2010:</b>					
Total revenue <sup>(1)</sup>	2,324.3	284.5	229.6	124.7	2,963.1
Total expenses <sup>(2)</sup>	1,907.6	134.8	163.0	71.2	2,276.6
Income before income tax expense	416.7	149.7	66.6	53.5	686.5
Net income	784.5	149.2	65.5	47.5	1,046.7
Total assets at end of fiscal year	121,555.8	21,951.5	10,178.7	4,665.5	158,351.5
<b>Fiscal year ended March 31, 2011:</b>					
Total revenue <sup>(1)</sup>	1,943.1	281.6	128.0	144.0	2,496.7
Total expenses <sup>(2)</sup>	1,627.8	111.6	69.5	76.4	1,885.3
Income before income tax expense	315.3	170.0	58.5	67.6	611.4
Net income	133.7	165.8	57.5	61.1	418.1
Total assets at end of fiscal year	125,412.6	21,795.4	8,521.6	6,256.1	161,985.7
<b>Fiscal year ended March 31, 2012:</b>					
Total revenue <sup>(1)</sup>	1,965.7	251.3	132.0	178.2	2,527.2
Total expenses <sup>(2)</sup>	1,561.2	104.0	102.9	96.3	1,864.4
Income before income tax expense	404.5	147.3	29.1	81.9	662.8
Net income	419.2	131.2	28.1	70.5	649.0
Total assets at end of fiscal year	124,443.6	25,368.9	8,868.5	7,680.6	166,361.6

Notes:

Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

- (1) Total revenue is comprised of Interest and dividend income and Noninterest income.
- (2) Total expenses are comprised of Interest expense, Provision (credit) for loan losses and Noninterest expenses.

F-105

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****33. Mizuho Financial Group, Inc., parent company**

The following tables present the parent company only financial information of MHFG:

*Condensed balance sheets*

	2011	2012
	(in millions of yen)	
<b>Assets:</b>		
Cash and due from banks	155	167
Interest-bearing deposits in other banks	16,336	14,286
Investments in subsidiaries and affiliated companies	4,959,426	5,817,075
Other	79,845	79,328
<b>Total</b>	<b>5,055,762</b>	<b>5,910,856</b>
<b>Liabilities and shareholders' equity:</b>		
Short-term borrowings	1,121,575	1,181,070
Long-term debt	240,000	240,000
Other liabilities	20,700	19,020
Shareholders' equity	3,673,487	4,470,766
<b>Total</b>	<b>5,055,762</b>	<b>5,910,856</b>

*Condensed statements of income*

	2010	2011	2012
	(in millions of yen)		
<b>Income:</b>			
Dividends from subsidiaries	3,847	16,544	7,955
Management fees from subsidiaries	29,945	29,879	29,747
Other income	7,981	22,157	12,643
<b>Total</b>	<b>41,773</b>	<b>68,580</b>	<b>50,345</b>
<b>Expenses:</b>			
Operating expenses	19,808	19,674	21,260
Interest expense	13,918	16,165	16,383
Other expense	4,750	4,471	1,431
<b>Total</b>	<b>38,476</b>	<b>40,310</b>	<b>39,074</b>
Equity in undistributed net income of subsidiaries	996,309	384,463	645,308



Edgar Filing: MIZUHO FINANCIAL GROUP INC - Form 20-F

Income before income tax expense (benefit)	999,606	412,733	656,579
Income tax expense (benefit)	(83)	64	190
Net income	999,689	412,669	656,389

F-106

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Condensed statements of cash flows*

	2010	2011	2012
	(in millions of yen)		
<b>Cash flows from operating activities:</b>			
Net income	999,689	412,669	656,389
Adjustments and other	(908,244)	(396,510)	(644,977)
<b>Net cash provided by operating activities</b>	<b>91,445</b>	<b>16,159</b>	<b>11,412</b>
<b>Cash flows from investing activities:</b>			
Payments for purchases of securities of subsidiaries	(846,587)	(751,620)	(212)
Net change in other investing activities	15,755	(43,582)	80
<b>Net cash used in investing activities</b>	<b>(830,832)</b>	<b>(795,202)</b>	<b>(132)</b>
<b>Cash flows from financing activities:</b>			
Net change in short-term borrowings	100,000	161,265	60,000
Proceeds from issuance of long-term debt	240,000		
Proceeds from issuance of common stock	529,200	751,620	146,499
Purchases of treasury stock	(5)	(3)	(2,560)
Dividends paid	(130,802)	(134,644)	(215,937)
Net change in other financing activities	988	818	730
<b>Net cash provided by (used in) financing activities</b>	<b>739,381</b>	<b>779,056</b>	<b>(11,268)</b>
<b>Net increase (decrease) in cash and due from banks</b>	<b>(6)</b>	<b>13</b>	<b>12</b>
Cash and due from banks at beginning of fiscal year	148	142	155
<b>Cash and due from banks at end of fiscal year</b>	<b>142</b>	<b>155</b>	<b>167</b>

**Table of Contents****MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****34. Subsequent events*****Signing of merger agreement between MHSC and MHIS***

On May 15, 2012, MHSC (the MHFG Group's 94.66 percent-owned subsidiary) and MHIS (the MHFG Group's wholly-owned subsidiary) signed a merger agreement, with the approval of board of directors meetings of MHFG, MHBK, MHCB, MHSC and MHIS. The outline of the merger is as follows.

**Purpose of the merger**

The merger is intended, as part of the new corporate structure, to enhance the retail securities business in Japan, rationalize and streamline management infrastructure, and provide securities functions in a unified manner through the Group's full-line securities company.

**Method of the merger**

MHSC will be the surviving company, and MHIS will be the dissolving company in the merger. The merged company will be named Mizuho Securities Co., Ltd.

**Merger ratio, and number of shares to be issued by MHSC in connection with the merger****Merger ratio**

0.35 shares of MHSC common stock will be allocated to each share of MHIS common stock.

**Number of shares to be issued by MHSC in connection with the merger**

430,789,690 shares of common stock (scheduled)

**Schedule of the merger**

The MHFG Group is planning to conduct the merger on January 4, 2013 on the assumption that, among other things, filings will be made to, and permissions will be obtained from, the relevant authorities in Japan and any relevant foreign countries.

The merger agreement set forth above was approved by the shareholders of MHSC and MHIS on June 22, 2012.

***Redemption of preferred securities***

On May 15, 2012, the board of directors of MHFG resolved to redeem in full non-cumulative perpetual preferred securities issued by its overseas special purpose company whose voting rights are wholly owned by MHFG. This entity is not consolidated in accordance with ASC 810 since the Group is not the primary beneficiary. Thus, the redemption of preferred securities did not reduce Noncontrolling interests in consolidated subsidiaries, but Long-term debt in the Group's consolidated balance sheets. However, on June 29, 2012, when the preferred securities were redeemed, it decreased Tier 1 capital. The following table describes the details of the redeemed preferred securities.

Issuer	Aggregate redemption amount (in millions of yen)	Reason for the redemption
--------	--	---------------------------

Mizuho Preferred Capital (Cayman) 1 Limited	171,000	Arrival of optional redemption date
--	---------	-------------------------------------

F-108

**Table of Contents**

**Signature**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**MIZUHO FINANCIAL GROUP, INC.**

By: /s/ Yasuhiro Sato  
Name: Yasuhiro Sato  
Title: President & CEO

July 23, 2012

**Table of Contents**

**EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description of Exhibits</b>
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.