MIZUHO FINANCIAL GROUP INC
Form 20-F
July 20, 2011
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2011

OR

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

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

For the transition period from to

Commission file number 001-33098

Kabushiki Kaisha Mizuho Financial Group

(Exact name of Registrant as specified in its charter)

Mizuho Financial Group, Inc.

(Translation of Registrant s name into English)

Japan

(Jurisdiction of incorporation or organization)

5-1, Marunouchi 2-chome

Chiyoda-ku, Tokyo 100-8333

Japan

(Address of principal executive offices)

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

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

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

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

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

None

(Title of Class)

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

None

(Title of Class)

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

At March 31, 2011, the following shares of capital stock were issued: (1) 21,782,185,320 shares of common stock (including 5,656,647 shares of common stock held by the registrant as treasury stock), (2) 914,752,000 shares of eleventh series class XI preferred stock (including 497,866,000 shares of eleventh series class XI preferred stock held by the registrant as treasury stock), and (3) 36,690,000 shares of thirteenth series class XIII preferred stock.

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

Yes x No ¨

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

Yes ¨ No x

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

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

Yes x No ¨

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

Yes x No ¨

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

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

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

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

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

Item 17 ¨ Item 18 ¨

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

Yes ¨ No x

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

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

Yes ¨ No ¨

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

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MIZUHO FINANCIAL GROUP, INC.

ANNUAL REPORT ON FORM 20-F

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

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

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

This annual report contains forward-looking statements regarding the intent, belief or current expectations of our management with respect to our financial condition and future results of operations. In many cases, but not all, we use such words as aim, anticipate, believe, endeavor, estimate, expect, intend, may, plan, probability, project, risk, seek, should, strive, target and similar expressions in relat management to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks and uncertainties include, without limitation, the following:

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

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

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

We do not intend to update our forward-looking statements. We are under no obligation, and disclaim any obligation, to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. Selected Financial Data

The following tables set forth our selected consolidated financial data.

The first table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2007, 2008, 2009, 2010 and 2011 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, 2007, 2008, 2009, 2010 and 2011 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, 2009, 2010 and 2011 prepared in accordance with U.S. GAAP have been audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) by Ernst & Young ShinNihon LLC, independent registered public accounting firm.

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

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U.S. GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,				
	2007	2008	2009	2010	2011
	(in millions of yen, except per share data and percentages)				
Statement of income data:					
Interest and dividend income	¥ 2,639,307	¥ 3,110,260	¥ 2,384,191	¥ 1,632,282	¥ 1,460,184
Interest expense	1,571,389	1,911,522	1,102,015	528,159	448,857
Net interest income	1,067,918	1,198,738	1,282,176	1,104,123	1,011,327
Provision (credit) for loan losses	182,115	(57,766)	567,396	222,102	647
Net interest income after provision (credit) for loan losses	885,803	1,256,504	714,780	882,021	1,010,680
Noninterest income	1,195,948	1,094,943	452,227	1,330,847	1,036,532
Noninterest expenses	1,266,857	1,504,309	1,525,101	1,526,413	1,435,855
Income (loss) before income tax expense (benefit)	814,894	847,138	(358,094)	686,455	611,357
Income tax expense (benefit)	163,221	672,176	761,908	(360,195)	193,227
Net income (loss)	651,673	174,962	(1,120,002)	1,046,650	418,130
Less: Net income (loss) attributable to noncontrolling interests(1)	27,791	(53,656)	(61,555)	46,961	5,461
Net income (loss) attributable to MHFG shareholders	¥ 623,882	¥ 228,618	¥ (1,058,447)	¥ 999,689	¥ 412,669
Net income (loss) attributable to common shareholders	¥ 600,408	¥ 208,643	¥ (1,077,787)	¥ 988,603	¥ 403,231
Amounts per share(2):					
Basic earnings per common share net income (loss) attributable to common shareholders	¥ 51.73	¥ 18.17	¥ (95.96)	¥ 70.55	¥ 20.44
Diluted earnings per common share net income (loss) attributable to common shareholders	¥ 48.71	¥ 16.77	¥ (95.96)	¥ 61.64	¥ 19.22
Number of shares used to calculate basic earnings per common share (in thousands)	11,607,550	11,479,942	11,231,269	14,013,058	19,722,818
Number of shares used to calculate diluted earnings per common share (in thousands)	12,713,841	13,568,015	11,231,269	16,200,812	21,415,109
Cash dividends per share declared during the fiscal year(3):					
Common stock	¥ 4.00	¥ 7.00	¥ 10.00	¥ 10.00	¥ 8.00
	$ 0.03	$ 0.07	$ 0.10	$ 0.11	$ 0.10
Fourth series class IV preferred stock	¥ 47.60				
	$ 0.40				
Sixth series class VI preferred stock	¥ 42.00				
	$ 0.36				
Eleventh series class XI preferred stock	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00
	$ 0.17	$ 0.20	$ 0.20	$ 0.21	$ 0.24
Thirteenth series class XIII preferred stock	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00
	$ 0.26	$ 0.30	$ 0.30	$ 0.32	$ 0.36

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	As of and for the fiscal years ended March 31, 2007	2008	2009	2010	2011
	(in millions of yen, except per share data and percentages)				
Balance sheet data:					
Total assets	¥ 147,381,279	¥ 151,317,756	¥ 155,083,031	¥ 158,351,456	¥ 161,985,670
Loans, net of allowance	68,236,720	67,572,004	71,787,309	62,903,418	63,955,284
Total liabilities	142,376,976	147,749,599	154,045,851	155,019,438	157,950,314
Deposits	83,751,304	86,429,065	87,075,727	86,776,251	89,215,627
Long-term debt	7,073,936	7,618,910	8,017,770	8,482,434	8,953,496
Common stock	3,532,492	3,437,420	3,386,792	4,324,705	5,164,160
Total MHFG shareholders equity	4,662,700	3,268,800	846,047	2,966,215	3,673,487
Other financial data:					
Return on equity and assets:					
Net income (loss) attributable to common shareholders as a percentage of total average assets	0.42%	0.14%	(0.70)%	0.62%	0.25%
Net income (loss) attributable to common shareholders as a percentage of average MHFG shareholders equity	14.69%	5.20%	(37.56)%	39.99%	12.63%
Dividends per common share as a percentage of basic earnings per common share	13.53%	55.02%	(10.42)%	11.34%	29.35%
Average MHFG shareholders equity as a percentage of total average assets	2.87%	2.73%	1.86%	1.56%	2.01%
Net interest income as a percentage of total average interest-earning assets	0.79%	0.86%	0.96%	0.82%	0.75%

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, 2007, 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, 2007, 2008, 2009, 2010 and 2011 are expressed in U.S. dollars at the rate of ¥117.56 = $1.00, ¥99.85 = $1.00, ¥99.15 = $1.00, ¥93.40 = $1.00 and ¥82.76 = $1.00, respectively. These rates are the noon buying rates on March 31, 2007, 2008, 2009, 2010 and 2011 in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

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Japanese GAAP Selected Consolidated Financial Information

	2007	2008	2009	2010	2011
	As of and for the fiscal years ended March 31, (in millions of yen, except per share data and percentages)				
Statement of income data:					
Interest income	¥ 2,562,642	¥ 2,864,796	¥ 2,144,436	¥ 1,571,994	¥ 1,457,687
Interest expense	1,472,378	1,801,156	1,075,584	420,287	348,242
Net interest income	1,090,264	1,063,639	1,068,851	1,151,707	1,109,444
Fiduciary income	66,958	64,355	55,891	49,100	49,388
Net fee and commission income	551,124	494,526	416,653	466,040	466,791
Net trading income	261,544	56,149	301,521	312,330	243,983
Net other operating income (loss)	147,507	(17,737)	(35,951)	17,436	163,680
General and administrative expenses	1,091,602	1,124,527	1,192,701	1,317,247	1,285,815
Other income	522,816	579,737	260,568	266,125	156,212
Other expenses	573,714	630,079	1,280,711	567,728	268,261
Income (loss) before income taxes and minority interests	974,898	486,062	(405,877)	377,765	635,425
Income taxes:					
Current(1)	43,267	32,212	48,247	18,040	18,336
Deferred	223,699	118,546	109,103	25,108	120,123
Income (loss) before minority interests(2)	707,931	335,304	(563,227)	334,617	496,965
Minority interests in net income	86,965	24,079	25,586	95,212	83,736
Net income (loss)	¥ 620,965	¥ 311,224	¥ (588,814)	¥ 239,404	¥ 413,228
Net income (loss) per share(3):					
Basic	¥ 51,474.49	¥ 25,370.25	¥ (54.14)	¥ 16.29	¥ 20.47
Diluted	48,803.07	24,640.00	(4)	15.57	19.27
Cash dividends per share declared during the fiscal year(3)(5):					
Common stock(6)	¥ 4,000	¥ 7,000	¥ 10,000	¥ 10	¥ 8
	$ 34.03	$ 70.11	$ 100.86	$ 0.11	$ 0.10
Fourth series class IV preferred stock	¥ 47,600				
	$ 404.90				
Sixth series class VI preferred stock	¥ 42,000				
	$ 357.26				
Eleventh series class XI preferred stock(6)	¥ 20,000	¥ 20,000	¥ 20,000	¥ 20	¥ 20
	$ 170.13	$ 200.30	$ 201.71	$ 0.21	$ 0.24
Thirteenth series class XIII preferred stock(6)	¥ 30,000	¥ 30,000	¥ 30,000	¥ 30	¥ 30
	$ 255.19	$ 300.45	$ 302.57	$ 0.32	$ 0.36

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	As of and for the fiscal years ended March 31,				
	2007	2008	2009	2010	2011
	(in millions of yen, except per share data and percentages)				
Balance sheet data:					
Total assets	¥ 149,880,031	¥ 154,412,105	¥ 152,723,070	¥ 156,253,572	¥ 160,812,006
Loans and bills discounted(7)	65,964,301	65,608,705	70,520,224	62,164,579	62,777,757
Securities	36,049,983	33,958,537	30,173,632	43,096,460	44,782,067
Deposits(8)	83,608,304	86,264,041	86,539,020	86,627,588	88,884,158
Net assets	6,724,408	5,694,159	4,186,606	5,837,053	6,623,999
Risk-adjusted capital data(9):					
Tier 1 capital	¥ 4,933,561	¥ 4,880,188	¥ 3,765,045	¥ 5,173,496	¥ 6,170,210
Total risk-based capital	8,841,383	7,708,341	6,223,693	7,658,062	7,910,970
Risk-weighted assets	70,795,493	65,872,866	59,056,218	56,863,252	51,693,835
Tier 1 capital ratio	6.96%	7.40%	6.37%	9.09%	11.93%
Capital adequacy ratio	12.48%	11.70%	10.53%	13.46%	15.30%

Notes:

(1) 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.

(2) 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, 2007, 2008 and 2009 in the table above.

(3) 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.

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

(5) Yen amounts are expressed in U.S. dollars at the rate of, ¥117.56 = $1.00, ¥99.85 = $1.00, ¥99.15 = $1.00, ¥93.40 = $1.00 and ¥82.76 = $1.00 for the fiscal years ended March 31, 2007, 2008, 2009, 2010 and 2011, 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.

(6) In June 2011, 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, 2011.

(7) 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.

(8) Includes negotiable certificates of deposit.

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

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

Exchange Rate Information

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

Fiscal years ended March 31,	**High**	**Low**	**Average**(1)	**Period end**
		(yen per dollar)		
2007	121.81	110.07	116.55	117.56
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 (through July 15)	85.26	78.99	80.57	79.03
Calendar year 2011				
January	83.36	81.56		
February	83.79	81.48		
March	82.98	78.74		
April	85.26	81.31		
May	82.12	80.12		
June	80.98	79.87		
July (through July 15)	81.26	78.99		

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 15, 2011 was ¥79.03 = $1.00.

3.B. Capitalization and Indebtedness

Not applicable.

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

Not applicable.

3.D. Risk Factors

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

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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. As a result, 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 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 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 dislocation in global financial markets mentioned above, 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 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 on which the Financial Services Agency will base its new regulatory capital regulations. 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.

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

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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 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. 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 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, securities, trust 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.

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 and development and renewal of computer systems. For example, in March 2011, computer systems failures at Mizuho Bank resulted in the shutdown of our ATMs and Internet banking services, as well as the inability to process fund transfers and other settlement transactions, and in May 2011, Mizuho Financial Group and Mizuho Bank received business improvement orders from the Financial Services Agency. In the event of any such disruption, our business, financial condition and results of operations could be materially and adversely affected due to disruptions in our business operations, liability to customers and others, regulatory actions or harm to our reputation.

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

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

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

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

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

As a New York Stock Exchange-listed company and an SEC registrant, we have developed disclosure controls and procedures and internal control 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 control 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 control over financial reporting are effective, our independent registered public accounting firm may still be unable to issue a report that concludes that our internal control 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 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, 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

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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 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. See Item 5. Operating and Financial Review and Prospects Capital Adequacy.

The market for financial services in Japan is increasingly competitive.

Ongoing deregulation in Japan has significantly lowered the barriers to entry with respect to the provision of banking, securities, trust 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. As a result, competition in the financial services industry has been intensifying in recent years and could intensify further in the future. 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 consolidation in 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.

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

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

Risks Related to Owning Our Shares

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

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

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

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

Risks Related to Owning Our ADSs

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

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

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

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

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ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

The Mizuho Group

The Mizuho group was created on September 29, 2000 through the establishment of Mizuho Holdings, Inc. as a holding company of our three predecessor banks, The Dai-Ichi Kangyo Bank, The Fuji Bank and The Industrial Bank of Japan. On October 1, 2000, the respective securities subsidiaries of the predecessor banks merged to form Mizuho Securities Co., Ltd., 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. completed a merger. The merged entity, Mizuho Securities, is our subsidiary and listed on the Tokyo Stock Exchange and other Japanese stock exchanges. Through the merger, we aim to improve our service-providing capabilities to our clients and to offer competitive cutting-edge financial services on a global basis.

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, 2011.

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.

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4.B. Business Overview

General

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

We have also worked on establishing a stable internal management system, promoting corporate social responsibility (CSR) and strengthening our brand strategy.

In terms of the internal management system, we enhanced the internal control system based on the Financial Instruments and Exchange Law of Japan and Sarbanes Oxley Act of the United States, and we further 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.

In addition, as our brand strategy, we actively conveyed our brand slogan, Channel to Discovery, to promote it within and outside the group.

We will endeavor to strengthen our profitability by providing our customers with high-quality financial services through taking advantage of the strengths of each group company as well as enhancing collaboration among them. In addition, we will always recognize the social responsibilities and public mission as financial institutions and will facilitate financing on a group-wide basis pursuant to the Law Concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises (SMEs), etc. We strive to win the trust of our customers in and outside of Japan through continuously working on establishing a stable legal compliance system and a sophisticated risk management system.

In May 2010, we announced our new Medium-term Management Policy named Transformation Program for the three fiscal years ending March 31, 2013, in which we set forth various strategic initiatives and measures to enhance our profitability, financial base and front-line business capabilities.

In March 2011, we announced the basic policies for turning Mizuho Trust & Banking, Mizuho Securities and Mizuho Investors Securities Co., Ltd., which are our publicly listed subsidiaries, into wholly-owned subsidiaries in order to further enhance our group collective capabilities by integrating group-wide business operations, optimizing management resources, such as workforce and branch network, and accelerating the implementation of the Transformation Program. We executed the related share exchange agreements in April 2011, and the share exchanges are planned to be conducted on September 1, 2011, on the assumption that, among other things, permission will be obtained from the relevant authorities.

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As acceleration initiatives of the Transformation Program and to restore customer confidence after the computer system failures of Mizuho Bank in March 2011, we announced actions to restore customer confidence in May 2011. Under these actions, we will further strengthen the unified management of the group through substantial consolidation and unification of our management structure, human resource management and business infrastructure, and substantively transform into one bank with a view towards integration by merger or other methods in the future.

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.

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;

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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 MizuhoTrust & Banking through utilization of Mizuho Bank s network.

Transactions with Large Corporate Customers

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

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

Japanese customers

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

Non-Japanese customers

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

Enhance capabilities for our securities business.

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

Individuals

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

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;

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- 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 non-customer assets and low-return assets;

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

- Improve our asset quality and streamline our balance sheet.

Program for Strengthening Front-line Business Capabilities

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

Redeployment of personnel to the marketing front-line

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

Mizuho Corporate Bank

Mizuho Corporate Bank provides various sophisticated financial products and services to large Japanese corporations such as corporations listed on Japanese stock exchanges 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 broad customer base, comprehensive financial expertise and office network which covers major cities in and outside Japan. As of March 31, 2011, customers of Mizuho Corporate Bank and our other group companies included approximately 70% of all companies listed on the Tokyo, Osaka and Nagoya stock exchanges.

Mizuho Corporate Bank engages in customer relationship management through its Corporate Banking Unit and International Banking Unit, while individual financial products and services are developed and provided by the Global Investment Banking Unit, the Global Transaction Banking Unit and the Global Markets Unit and the Global Asset Management Unit. We offer innovative financial products and services to our customers by integrating these two functions.

Corporate Banking Unit

The Corporate Banking Unit engages in relationship management for large Japanese corporations and their affiliates, Japanese financial institutions and public sector entities and businesses relating to the issuance of bonds.

In the area of transactions with large Japanese corporations and their affiliates, 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, we make proposals related to mergers and acquisitions and business restructuring of our customers in cooperation with sections specializing in those businesses. We also offer suitable financing and optimal solutions for our customers by enhancing cooperation with our group companies including Mizuho Bank, Mizuho Securities and Mizuho Trust & Banking. In particular, we have introduced a double-hat structure with Mizuho Securities to further enhance and deepen our cooperation in banking and securities business.

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

We aim to provide the ideal solutions to the increasingly diverse needs of Japanese public sector entities. We actively arrange private finance initiatives and syndicated loans to meet their financing needs and propose new finance schemes such as securitization of business assets as well as advisory services related to managerial issues.

Regarding our bond-related businesses, with our extensive experience and achievements 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.

International Banking Unit

The International Banking Unit engages in relationship management for foreign corporations, including foreign subsidiaries of Japanese corporations.

We support our Japanese customers to expand their foreign operations, utilizing our financial expertise as well as alliances with foreign financial institutions. In particular, we are promoting our support for Japanese corporate customers in connection with their entry into the Asian market by offering advisory and other services. We also actively provide financial services to foreign corporations that are not affiliated with Japanese corporations through our global network.

In addition, we endeavor to meet the diverse needs of our overseas customers with respect to, among others, project finance and trade finance.

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We have strengthened our support for Japanese and non-Japanese customers through the enhancement of the Group s international network. We have also promoted stronger relationships with major foreign financial institutions to supplement regions or product areas that our group is unable to cover. Also, in order to enhance our support for our customers that are developing businesses outside Japan, we continue to cultivate cooperative working relationships with foreign government agencies.

In December 2006, Mizuho Financial Group and Mizuho Corporate Bank obtained Financial Holding Company status from the U.S. regulatory authorities, which enabled our securities company subsidiary in the United States to engage in comprehensive investment banking businesses, such as the underwriting and dealing of corporate bonds, equities and other types of securities. We are promoting our full line of financial services through a collaboration between our banking and securities operations of U.S. subsidiaries.

Global Investment Banking Unit

The Global 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 global needs.

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, 2011, despite the intensified competition among banks, our group arranged, based on amount of principal, approximately 38% 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, 2011). Mizuho Corporate Bank is broadening its 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 the provision of comprehensive products for 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. and Mizuho Capital Partners Co., Ltd.

Global Transaction Banking Unit

The Global 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.

Global Markets Unit

The Global Markets 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 the sophistication of our portfolio management methods and diversify our investments to make our portfolio more sound and profitable.

Global Asset Management Unit

The Global Asset Management Unit provides products and services that correspond to the needs of customers, mainly institutional investors such as pension funds and financial institutions, 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 aim to provide our customers with the most relevant products by collaborating with our group companies, including Mizuho Alternative Investments, LLC in the United States and Mizuho Global Alternative Investments, Ltd. in Tokyo.

To further improve our services, in March 2011, we acquired Singapore-based Eurekahedge Pte. Ltd., which provides hedge fund research and data services.

Mizuho Securities

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

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 have also introduced a double-hat structure with Mizuho Corporate Bank with an aim to meet customers various needs by providing them one-stop financial services.

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 international customers. We also focus on globally integrating our business by utilizing our network of overseas subsidiaries.

The Global Retail Group

Mizuho Bank

Mizuho Bank provides financial services mainly to individual customers, SMEs, middle-market corporations and local governmental entities in Japan. As of March 31, 2011, Mizuho Bank had approximately

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24 million individual deposit accounts and made loans to approximately 100,000 business accounts. In addition to our broad customer base, we maintain one of the largest branch and ATM networks in Japan and a broad range of Internet banking services.

Mizuho Bank has the following three principal business groups and three business divisions:

- the Personal Banking Group;
- the Corporate Banking Group;
- the Trading and ALM Group;
- the Securities Division;
- the Innovation Business Division; and
- the Takarakuji Lottery Division.

Personal Banking Group

The Personal Banking Group offers a broad range of financial products and services to individual customers, including various types of loans and deposits as well as consulting and credit card services in Japan.

We are enhancing our relationship marketing efforts by 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.

We have been enhancing the sophistication of our marketing strategies to maximize lifetime income, aiming at establishing stable revenue sources from present to future. We provide services corresponding to the needs of each life stage and circumstance of customers. For example, we offer convenient transactions through Mizuho Direct for busy customers who have difficulty visiting bank branches and offices; we offer detailed services and convenience through seamless correspondences at Mizuho Direct and with the Teller for customers in a period with many life events such as home purchase, school enrollment of children and asset planning after retirement; and we make proposals after a thorough consultation with the Teller for customers planning the investment in assets after their retirement.

In order to provide specialized consulting services, we have increased the number of financial consultants over the years to 3,343, as of March 31, 2011, that make proposals regarding investments such as investment trusts, foreign currency deposits, individual annuities and Japanese government bonds sold to individuals, provided weekend consultation meetings and enhanced our infrastructure such as our Relationship Marketing Database. By implementing these measures, the aggregate number of customers with financial assets of more than ¥10 million increased over the years to approximately 1.04 million as of March 31, 2011, and customers that purchased investment products have also increased. The balance of investment trusts (excluding MMF) was ¥1.42 trillion, individual annuities was ¥2.06 trillion, foreign currency deposits was ¥0.47 trillion and Japanese government bonds sold to individuals was ¥1.60 trillion, each on a managerial accounting basis as of March 31, 2011. We also handle trust products at all Mizuho Bank branches as agents of Mizuho Trust & Banking and provide specialized services such as solutions related to inheritance and real estate issues by setting up Trust Lounge in Mizuho Bank branches. The consulting booths jointly operated with Mizuho Investors Securities, which we call Planet Booths, are located in the lobbies of 155 branches and offices of Mizuho Bank as of March 31, 2011, and we are aiming to meet our customers investment needs.

In our housing loan business, we offer various products and services such as weekend consultation meetings and products 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, we cooperate with Orient Corporation to develop unsecured loan products such as Captive Loans, a card loan product that our customers can apply for through our ATM network, and we also aim to improve our services, for example, by allowing repayment of loans via personal computers or mobile phones. Additionally, we support our customers environmental initiatives by donating CO_2 emission credits that we purchased when the customers introduced our environment-conscious housing reform loans, etc.

As of March 31, 2011, the Mizuho Mileage Club had approximately 8.19 million members, and credit card members also increased to approximately 2.7 million. 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.

With our 434 staffed branches throughout Japan as of March 31, 2011, we have been and will continue to expand our convenient and efficient points of contact for individual customers. In addition, we aim to expand our ATM network, enhance our Internet banking, telephone banking and mobile-phone banking systems and strengthen marketing through call centers.

We provide directors and employees of corporate clients of Mizuho Bank and Mizuho Corporate Bank with products and services to address the needs of customers relating to their life events such as preparation of accounts to receive salaries upon employment, consultation regarding housing loans upon home purchases, post-retirement planning and comprehensive proposals regarding the investment of retirement allowances.

Corporate Banking Group

The Corporate Banking Group provides products and services mainly to SMEs and middle-market corporations as well as to local governmental entities and other public sector entities.

Also, in response to the recent challenging economic environment, we conduct thorough credit management in our loan operations and have enhanced our support services for our customers restructuring efforts.

We provide our SME and middle-market corporate customers with suitable financing arrangements together with sophisticated advisory and other services that are appropriate in light of the customers business strategies.

Through our marketing efforts for loan products, including the allocation of dedicated staff at branches to engage in finding new customers, applying different marketing strategies for different customer segments based on the size of the customers annual sales, developing new strategic loan products and utilizing Mizuho Business Financial Centers which primarily engage in loans to smaller enterprises, we provide affluent and stable financing to SMEs and middle-market corporations with appropriate interest rates according to each borrower s risk profile.

We offer our SME and middle-market corporate customers syndicated loans, 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. We call our provision of these services our solutions business.

We provide comprehensive financial services to meet the various needs of local governmental entities and other public sector entities, including services related to bank and capital markets financing to diversify their funding sources and various investment products and advisory services related to organizational restructuring and streamlining. We will continue to promote business with local governmental entities through our network of branches and offices, which is one of the largest in Japan.

We provide comprehensive financial services and comprehensive consultation services based on needs of both corporations and individuals as well as through collaboration with Mizuho Trust & Banking and other group companies. We provide specialized consulting services that transcend traditional boundaries between corporate and individual services, such as proposing solutions related to corporate management issues as well as business and real estate succession issues. As a sales agent of Mizuho Trust & Banking, we also provide a variety of trust products as a solution for various needs of our corporate and individual customers. We are also promoting an exchange of personnel between Mizuho Trust & Banking and Mizuho Bank in order to provide professional consulting services in trust-related businesses to Mizuho Bank customers. In addition, we provide specialized private banking services to high net worth individuals such as business and land owners.

Trading and ALM Group

The Trading and ALM Group engages in investing in, and sales and trading of, financial instruments related to, among others, interest rates, foreign exchange and securities, including derivative instruments. We are diversifying our various investing activities under our risk management structure for the purpose of achieving more stable profits and risk diversification. We also satisfy various customer needs by providing a wide variety of financial instruments and solutions.

Securities Division

The Securities Division supports various methods of accessing capital markets to meet the financial needs of our customers. In cooperation with group securities companies, including Mizuho Investors Securities, we endeavor to satisfy the investment and financing needs of SMEs and middle-market corporations and the investment needs of individuals. For example, we have introduced a double-hat structure with Mizuho Investors Securities to enhance our consulting capabilities for customers initial public offerings.

Innovation Business Division

The Innovation Business Division provides products and services related to information technology such as offering cash management services and new banking services utilizing the Internet, mobile phones and IC cards.

Takarakuji Lottery Division

The Takarakuji Lottery Division engages in the business of acting as an administrative bank for the Takarakuji lottery, the principal public lottery program in Japan.

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. We respond

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promptly and appropriately to the diversified and sophisticated needs of our customers by enhancing collaborations with Mizuho Bank, Mizuho Corporate Bank and other group companies including asset management companies.

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 succession of assets such as testamentary trusts;
- loan products such as apartment loans;
- 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 investment management services for our group companies and customers. Each company offers a variety of investment trust products that meet the increasingly sophisticated and diverse needs of our customers.

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

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Others

Mizuho 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.

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 Financial Strategy

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

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 and Development Bank of Japan.

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 domestic banks in those financial markets outside Japan in which we conduct business.

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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 July 15, 2011): (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 18, 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 the 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 June 29, 2011, 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.

Another distinctive element of the Japanese banking system was the role of the postal savings system. Postal savings deposits were 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 joint stock corporation holding four operating companies including Japan Post Bank, which currently operates as an ordinary bank. Privatization of banking and insurance subsidiaries, which was originally planned to be completed by 2017, was suspended in December 2009.

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.

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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 rediscounting bills with, the Bank of Japan. Moreover, most banks in Japan maintain current accounts under agreements with the Bank of Japan pursuant to which the Bank of Japan is entitled to supervise, examine and audit the banks. The supervisory functions of the Bank of Japan are intended to enable it to ensure smooth settlement of funds among banks and other financial institutions, thereby contributing to the maintenance of an orderly financial system, whereas the supervisory practices of the Prime Minister or the Commissioner of the Financial Services Agency are intended to maintain the sound operations of banks and promote the security of depositors.

Examination of Banks

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

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

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

Examination and Reporting Applicable to Shareholders

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

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

Deposit Insurance System

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

The Deposit Insurance Corporation receives annual insurance premiums from insured banks, the amount of which is, from April 2010, equivalent to 0.107% of the deposits that bear no interest, are redeemable upon demand and are used by depositors primarily for payment and settlement purposes, and 0.082% of other deposits. 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.

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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 area 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 systematic risk cannot be avoided by the measure mentioned in (ii) above, the Deposit Insurance Corporation may acquire the bank s shares.

Capital Injection by the Government

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

Bank Holding Companies

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

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

Financial Instruments and Exchange Law

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

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

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

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

Sales of Financial Products

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

Self-Assessment and Reserves

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

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

Credit Limits

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

Restriction on Shareholdings

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

Share Purchase Program

The Banks Shareholdings Purchase Corporation was established in January 2002 in order to purchase shares from banks and other financial institutions until September 30, 2006 pursuant to the Law Concerning Restriction on Shareholdings by Banks. This law was further amended effective March 10, 2009 to allow the Bank s Shareholdings Purchase Corporation 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, 2012. The Bank s Shareholdings Purchase Corporation purchased ¥589.9 billion of shares during the period from March 12, 2009 through June 30, 2011. The Bank s Shareholdings Purchase Corporation will dispose of the purchased shares by March 31, 2022 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, 2012. The Bank of Japan will dispose of the purchased shares by September 30, 2017 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.

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), a 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.

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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 the operational risk based upon 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 test, see Item 5. Operating and Financial Review and Prospects Capital Adequacy Regulatory Capital Requirements.

Protection of Personal Information

The Personal Information Protection Law (*Kojin Jouhou no Hogo ni kansuru Houritsu*) (Law No. 57 of 2003, as amended) and related guidelines impose various requirements on businesses, including us, that use databases containing personal information, such as appropriate custody of such information and restrictions on information sharing with third parties. Non-compliance with the order issued by the Financial Services Agency to take necessary measures to comply with the law subjects 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 made using forged or stolen bank cards. The law also requires financial institutions, among other matters, to compensate depositors for any amount illegally withdrawn using forged bankcards, unless the financial institution can verify that it acted in good faith without negligence and that there was gross negligence on the part of the relevant account holder.

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

The Law Concerning Temporary Measures to Facilitate Financing for Small and Medium-Sized Enterprises (SMEs), etc. (*Chuushoukigyousha tou ni taisuru Kinyuu no Enkatsuka wo Hakaru tameno Rinjisochi ni kansuru Houritsu*) (Law No. 96 of 2009) was enacted on November 30, 2009. The legislation requires financial institutions, among other things, to make an effort to reduce their customers burden of loan repayments by employing methods such as modifying the terms of loans at the request of eligible borrowers including SMEs and individual home loan borrowers. The legislation also requires financial institutions to internally establish a system to implement the requirements of the legislation and periodically make disclosure of and report to the relevant authority on the status of implementation. These measures are effective until March 2012.

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 two banks in the United States, Mizuho Corporate Bank (USA) and Mizuho Corporate Bank of California, 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). Under current Federal Reserve Board policy, and effective July 21, 2011, as a matter of law, these three companies are expected to act as a source of financial strength to Mizuho Corporate Bank (USA), Mizuho Corporate Bank of California, and Mizuho 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, 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%. 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 Banking Department 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 Banking Department 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 Banking Department, as well as to relevant FDIC regulation. The deposits of Mizuho Corporate Bank of California are FDIC-insured, and it is a state-chartered bank that is not a member of the Federal Reserve System. As such, Mizuho Corporate Bank of California is subject to regulation, supervision and examination by the FDIC and the California Department of Financial Institutions. 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 Banking Department.

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

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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, 2011:

Notes:

(1) Mizuho Securities and Mizuho Investors Securities and Mizuho Trust & Banking are listed on the Tokyo Stock Exchange.
(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.

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The following table sets forth information with respect to our principal consolidated subsidiaries as of March 31, 2011:

Name	Country of organization	Main business	Proportion of ownership interest (%)	Proportion of voting interest (%)
Domestic				
Mizuho Bank, Ltd.	Japan	Banking	100.0%	100.0%
Mizuho Corporate Bank, Ltd.	Japan	Banking	100.0%	100.0%
Mizuho Securities Co., Ltd.(1)	Japan	Securities	57.9%	59.5%
Mizuho Trust & Banking Co., Ltd.(1)	Japan	Trust and banking	74.8%	74.8%
Mizuho Investors Securities Co., Ltd.(1)	Japan	Securities	66.5%	66.8%
Trust & Custody Services Bank, Ltd.	Japan	Trust and banking	54.0%	54.0%
Mizuho Asset Management Co., Ltd.	Japan	Investment management	98.7%	98.7%
Mizuho Research Institute Ltd.	Japan	Research and consulting	98.6%	98.6%
Mizuho Information & Research Institute, Inc.	Japan	Information technology	91.5%	91.5%
Mizuho Financial Strategy Co., Ltd.	Japan	Consulting	100.0%	100.0%
Mizuho Private Wealth Management Co., Ltd.	Japan	Consulting	100.0%	100.0%
Mizuho Factors, Limited	Japan	Factoring	100.0%	100.0%
Mizuho Credit Guarantee Co., Ltd.	Japan	Credit guarantee	100.0%	100.0%
Mizuho Capital Co., Ltd.	Japan	Venture capital	50.0%	50.0%
Defined Contribution Plan Services Co., Ltd.	Japan	Pension plan-related business	60.0%	60.0%
Overseas				
Mizuho Bank (Switzerland) Ltd	Switzerland	Trust and banking	100.0%	100.0%
Mizuho Capital Markets Corporation	U.S.A.	Derivatives	100.0%	100.0%
Mizuho Corporate Bank (China), Ltd.	China	Banking	100.0%	100.0%
Mizuho Corporate Bank (USA)	U.S.A.	Banking	100.0%	100.0%
Mizuho Corporate Bank Nederland N.V.	Netherlands	Banking and securities	100.0%	100.0%
Mizuho International plc	U.K.	Securities and banking	100.0%	100.0%
Mizuho Securities USA Inc.	U.S.A.	Securities	100.0%	100.0%
Mizuho Trust & Banking (Luxembourg) S.A.	Luxembourg	Trust and banking	100.0%	100.0%
Mizuho Trust & Banking Co. (USA)	U.S.A.	Trust and banking	100.0%	100.0%
PT. Bank Mizuho Indonesia	Indonesia	Banking	99.0%	99.0%

Note:

(1) In March 2011, we announced the basic policies for turning Mizuho Trust & Banking, Mizuho Securities and Mizuho Investors Securities into wholly-owned subsidiaries. We are planning to conduct the transactions effective as of September 1, 2011 on the assumption that, among other things, permission will be obtained from the relevant authorities in Japan and any applicable foreign countries that are required for the transactions.

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4.D. Property, Plant and Equipment

The following table shows the breakdown of our premises and equipment at cost as of March 31, 2010 and 2011:

	At March 31, 2010	At March 31, 2011
	(in millions of yen)	
Land	¥ 242,056	¥ 266,827
Buildings	675,630	710,226
Equipment and furniture	461,359	466,667
Leasehold improvements	90,004	88,107
Construction in progress	22,421	28,777
Software	645,321	683,514
Total	2,136,791	2,244,118
Less: Accumulated depreciation and amortization	1,088,874	1,129,914
Premises and equipment net	¥ 1,047,917	¥ 1,114,204

Our head office is located at 5-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan with 13,185 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, 2011 was approximately 831,000 square meters for owned land and approximately 21,000 square meters for leased land.

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

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

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ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

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Overview

The Mizuho Group

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

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

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

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

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

Following the announcement of our plan in May 2010, we made Orient Corporation (Orico) an equity method affiliate in September 2010 in order to further strengthen our business alliance with Orico, including in the areas of development of new products and services, provision of our products and services to a wide range of Orico s customers and increase of coordinated products and services.

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 (the MOU) for further consideration and discussion of the details, including

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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 MOU. We are planning to conduct each share exchange effective as of September 1, 2011 on the assumption that, among other things, permission will have been obtained from the relevant authorities in Japan and any applicable foreign countries that are required for the share exchange.

In light of our computer system failures that occurred in March 2011, we issued a release titled causes and plans for improvements and counter-measures based on the recent computer system failures in May 2011, in which we announced a framework regarding improvements and counter-measures based on the inspection by the Financial Services Agency and the findings of the Special Investigation Committee on System Failures, an independent third-party committee.

At the same time, as acceleration initiatives of the Transformation Program, we announced actions to restore customer confidence, which expresses our decision that we will aim to further strengthen the unified management of the group through substantial consolidation and unification of our management structure, human resource management and business infrastructure, and substantively transform ourselves into one bank with a view towards integration by merger or other methods in the future.

In May 2011, Mizuho Financial Group and Mizuho Bank received a business improvement order from the Financial Services Agency with respect to the computer system failures. In June 2011, we submitted our business improvement plans to the Financial Services Agency in compliance with the above-mentioned business improvement order.

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

Principal Sources of Income and Expenses

Net Interest Income

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

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

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

Provision (Credit) for Loan Losses

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

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Noninterest Income

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

Fees and commissions include the following:

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

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

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

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

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

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

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

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

Noninterest Expenses

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

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

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

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

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

Operating Environment

We operate principally in Japan, and our performance has generally tracked the macro economy of Japan. After years of persistent weakness beginning in the 1990s, the Japanese economy had gradually improved over the years by confronting structural issues such as deflationary pressures, excess capacity, excess employment and excess leverage. However, 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, there are indications of regional variations in the speed of the continuing recovery in the global economy which has been led by newly developing countries, and the risk remains of a slackening in the economy due to factors including the appreciation in commodity prices and the fiscal problems experienced by certain countries in Europe. In Japan, despite the continuing appreciation of the value of the yen against other currencies and a mild deflationary situation, positive economic growth has been maintained as represented by the continuous improvement in corporate profits and recovery of personal consumption resulting from the improvement of the foreign economic environment and the effect of various stimulus programs. Nevertheless, due to the impact of the Great East Japan Earthquake, constraints to production activities and a sharp decline in personal consumption appear to be unavoidable at least in the short term. As for the future direction of the economy, while there are positive factors such as the restoration of the damaged supply chains, as indicated by Indexes of Business Conditions May 2011 Preliminary Release issued by the Cabinet Office on July 6, 2011, the rebound of exports and the additional demand related to the restoration of damaged capital assets, there are also several causes for concern, such as the effect of restrictions on electricity usage during the summer, a slowing in overseas economies and a prolonged slump in personal consumption, and thus the risk remains for these factors to serve 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 2.3% and 1.8% in the fiscal years ended March 31, 2007 and 2008, respectively, decreased by 4.1% and 2.4% in the fiscal years ended March 31, 2009 and 2010, respectively, and increased by 2.3% in the fiscal year ended March 31, 2011. After continuing to increase in each quarter of calendar 2010, Japan s real gross domestic product on a quarterly basis, compared to the corresponding period of the previous year, decreased by 1.0% in the first quarter of calendar 2011. The Japanese government stated in its monthly economic report for January 2011 that, although the economic movements appear to be pausing, some movements towards a pickup are seen but that the economy remains in a difficult situation such as a high unemployment rate. However, from April through May 2011, the reports began to express weakness of the economic situation and stated that the Japanese economy shows weakness recently, due to the influence of the Great East Japan Earthquake. The June 2011 report stated that upward movements are observed while difficulties continue to prevail due to the Great East Japan Earthquake. Japan s core nationwide consumer price index increased by 0.1%, 0.3% and 1.2% in the fiscal years ended March 31, 2007, 2008 and 2009, respectively but decreased by 1.6% and 0.8% in the fiscal years ended March 31, 2010 and 2011, respectively. The Japanese government stated in its monthly economic reports from November

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2009 onwards that the Japanese economy is in a mild deflationary phase. 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 2006 through the first quarter of 2011:

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The Bank of Japan, following its announcement in March 2006 to end its quantitative easing monetary policy that it had maintained since March 2001, announced in July 2006 and in February 2007 that it raised its target for the uncollateralized overnight call rate from 0% to 0.25% and from 0.25% to 0.5%, respectively, but it lowered its target for the uncollateralized overnight call rate from 0.5% to 0.3% in October 2008, from 0.3% to 0.1% in December 2008 and from 0.1% to around 0 to 0.1% in October 2010. 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 were succeeded by an asset purchase program of approximately ¥35 trillion established by the Bank of Japan in October 2010, and the Bank of Japan announced that it would increase the amount of the asset purchase program, mainly for the purchase of risk assets, by approximately ¥5 trillion, to approximately ¥40 trillion in March 2011. In addition, 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 commercial banks at a low fixed rate in order to support the strengthening of the foundations for economic growth. The following charts show movements in long-term rates from January 2008 to June 2011, represented by the yield on newly issued 10-year Japanese government bonds, and in short-term interest rates from January 2008 to June 2011, represented by the three-month Tokyo interbank offered rate, or TIBOR, and the uncollateralized overnight call rate used in the interbank market:

According to the Bank of Japan, after a prolonged period of generally declining demand for bank loans in 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 began showing a declining trend beginning December 2009.

The CDS index called Markit iTraxx Japan, which is composed of 50 of the most liquid investment grade CDSs for Japanese entities, rose to 141.7 basis points as of March 31, 2011 from 113.1 basis points as of March 31, 2010, but fell to 129.0 basis points as of June 30, 2011. 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 13,200 corporate bankruptcies in the fiscal year ended March 31, 2009, involving approximately ¥13.7 trillion in total liabilities, approximately 12,900 corporate bankruptcies in the fiscal year ended March 31, 2010, involving approximately ¥7.0 trillion in total liabilities, and approximately 11,500 corporate bankruptcies in Japan in the fiscal year ended March 31, 2011, involving approximately ¥4.6 trillion in total liabilities.

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 ¥13.5 trillion and ¥0.2 trillion, respectively, for the fiscal year ended March 31, 2009 to ¥17.1 trillion and ¥7.5 trillion, respectively, for the fiscal year ended March 31, 2010 and increased to ¥26.3 trillion and ¥12.0 trillion, respectively, for the fiscal year ended March 31, 2011.

According to the Bank of Japan, total financial assets of households increased from ¥1,451.3 trillion as of March 31, 2009 to ¥1,484.5 trillion as of March 31, 2010 and decreased to ¥1,476.4 trillion as of March 31, 2011. 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 2007 through the first quarter of 2011:

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The Nikkei Stock Average, which is an average of the price of 225 stocks listed on the Tokyo Stock Exchange, decreased by 35.3% to ¥8,109.53 during the fiscal year ended March 31, 2009, but increased by 36.8% to ¥11,089.94 during the fiscal year ended March 31, 2010, followed by a 12.0% decrease to ¥9,755.10 during the fiscal year ended March 31, 2011. Thereafter, the Nikkei Stock Average increased to ¥9,816.09 as of June 30, 2011. The following chart shows the daily closing price of the Nikkei Stock Average from January 2008 to June 2011:

The Japanese yen to U.S. dollar spot exchange rate, according to the Bank of Japan, was ¥98.31 to $1.00 as of March 31, 2009, ¥93.27 to $1.00 as of March 31, 2010 and ¥82.84 to $1.00 as of March 31, 2011. The following chart shows the yen/dollar spot rate of 5 p.m. Tokyo time published by the Bank of Japan from January 2008 to June 2011:

According to the Ministry of Land, Infrastructure, Transport and Tourism of Japan, housing starts in Japan decreased by 19.4% in the fiscal year ended March 31, 2008, 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% in the fiscal year ended March 31, 2011.

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, rose again by 1.3% during calendar year 2007, but decreased by 3.2%, 4.2% and 2.7% during calendar year 2008, 2009 and 2010, 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.

Our basic policy is to pursue disciplined capital management, by which we pursue an optimal balance between strengthening of stable capital base and steady returns to shareholders in accordance with changes in the business environment, our financial condition and other factors. However, considering the ongoing global discussions with respect to capital, uncertainty over the economy and market trends, and other factors, we are placing a higher priority on strengthening of stable capital base.

Strengthening of Our Stable Capital Base

In the fiscal year ended March 31, 2011 we strengthened our capital base mainly as a result of earning ¥413.2 billion of consolidated net income (under Japanese GAAP) and issuing common stock in July 2010 (the number of shares issued: 6 billion of shares, total amount paid in: ¥751.6 billion). As a result, our financial base was significantly improved. Our consolidated Tier 1 capital ratio was 11.93% as of March 31, 2011, a year-on-year improvement of 2.84%.

Amid the ongoing global discussions on the revision of capital regulations, we aim to increase, as our medium-term target, our consolidated Tier 1 capital ratio (under Basel II) to 12% or above and our common equity capital ratio (under Basel III) as of March 31, 2013, when the new capital regulations are scheduled to be implemented, to mid-8% level. The calculation of our common equity capital ratio includes the outstanding balance of the eleventh series class XI preferred stock that will become mandatorily convertible in July 2016. Meanwhile, details, such as the calculation method for the capital adequacy ratio under the new capital regulations, have yet to be determined. Therefore, our common equity capital ratio is an estimated figure that we calculated based on publicly-available materials that have been issued so far. 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, 2011 of ¥6 per share of common stock, a year-on-year decrease of ¥2 per share.

In May 2011, we announced our plan to make interim cash dividend payments in order to provide returns to shareholders at a more appropriate timing commencing from the fiscal year ending March 31, 2012.

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 (for a discussion of the impact of the Great East Japan Earthquake, see Overview The Impact of the Great East Japan Earthquake):

Loans and Deposits

Loan volume

Our total loan balance increased on a year-on-year basis in the fiscal year ended March 31, 2011 due mainly to an increase in loans to government and public institutions attributable mainly to loans to the Japanese government and an increase in loans to foreign banks and other financial institutions attributable mainly to new loans made to some foreign financial institutions, which more than offset decreases in loans to almost all of the domestic industries attributable to weak funding needs by corporate borrowers.

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 1.51% in the fiscal year ended March 31, 2010 to 1.40% in the fiscal year ended March 31, 2011, and the average rate on domestic interest-bearing deposits decreased from 0.21% to 0.13%. The difference between the decrease of 0.11% in average yield on domestic loans and the decrease of 0.08% in the average rate on domestic interest-bearing deposits was not significant.

Provision (credit) for loan losses

Provision for loan losses decreased by ¥221 billion from the previous fiscal year to ¥1 billion for the fiscal year ended March 31, 2011. 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. 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 the effects of 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

Fees and commissions from corporate and retail customers have been significantly affected by the domestic and global economic environment. Until the fiscal year ended March 31, 2006, we experienced a period of significant increases in fees and commissions due to an expansion in various fee businesses that we offer to our corporate customers, such as fees from syndicated loans, other forms of financing arrangements and various advisory services, as demand for such products and services grew among Japanese corporations. Fees and commissions from retail customers had also increased due to growth in sales commissions related to various investment products as Japanese individuals increased the proportion of investments other than deposits within their total financial assets as interest rates on deposits maintained historically low levels. Despite our expectation at the time for continued growth in fees and commissions, a weak economic environment and turmoil in the global financial market, as well as increased competition within the domestic financial services industry, drove a decline in fees and commissions in the fiscal year ended March 31, 2008, and the decline accelerated in the fiscal year ended March 31, 2009. Fees and commissions recovered slightly in the fiscal year ended March 31, 2010 and have remained almost flat in the fiscal year ended March 31, 2011. 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. Although the current global and domestic economic uncertainty may continue, we believe that the general trend in recent years of Japanese individuals to shift their financial assets from savings to investments will continue over the long term.

Debt and Equity Securities Portfolio

The amount of our funding through deposits and debentures 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 credit and alternative investments, which we promote to diversify our risks and to expand our income sources, and we also hold investments in equity securities consisting mainly of common stock of Japanese listed company customers.

The fair value of available-for-sale marketable equity securities within our investments was ¥2,833 billion, or ¥1,919 billion based on cost, as of March 31, 2011. 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 in the case of the fiscal year ended March 31, 2011 due to the declines in stock markets, including declines related to the Great East Japan Earthquake. Although we expect the size of our portfolio of marketable equity securities to continue to be significant, we are reducing our holdings of marketable equity securities and will continue to make efforts to lower the acquisition cost of marketable equity securities. See Item 4.B. Information on the Company Business Overview The Transformation Program (Aiming at Sustainable Growth).

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, while decreases in long-term interest rates generally lead to an increase in fair value of the portfolio. As of March 31, 2011, we had a total of ¥35,716 billion of available-for-sale debt securities within our investments, of which ¥29,213 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 ¥34,517 billion and ¥35,716 billion of available-for-sale debt securities as of March 31, 2010 and 2011, respectively, and unrealized gains of ¥9 billion and unrealized losses of ¥40 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 while we incurred investment losses related to bonds of ¥2 billion in the fiscal year ended March 31, 2010. The change in investment gains (losses) related to bonds 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.

Costs and Expenses

In the fiscal year ended March 31, 2011, salaries and employee benefits decreased by ¥39 billion from the previous fiscal year to ¥553 billion 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. General and administrative expenses increased by ¥3 billion, and occupancy expenses decreased by ¥2 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).

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, and environmental contamination by radioactive materials originating from the damaged facilities is continuing. Economic activity has been suppressed by the physical damage to capital assets in the Tohoku region, and disruptions to supply chains and distribution channels and the effects on industry and commerce of the lowered electricity supply capacity have negatively affected economic activity over a much broader geographic scope, although there are some recent signs of improvement in the general Japanese economy. Financial markets reacted sharply, with the Nikkei Stock Average down 6.5% at March 31, 2011 compared to the day before the earthquake, and stock market levels have not yet fully recovered. On June 14, 2011, the Japanese Cabinet submitted a bill to the National Diet of Japan regarding a compensation scheme for damages related to the nuclear accidents, including financial support for affected individuals as well as a supporting scheme for electric utilities that are subject to damage claims related to nuclear accidents. However, many of the issues are controversial, and significant debate is expected before any legislation is passed in relation to such compensation scheme.

We did not suffer any losses of employees and suffered only minimal property damage as a result of the earthquake due to our limited physical presence of only eight branch offices of our principal banking subsidiaries in the three worst-affected prefectures in the Tohoku region. The negative impact of the disaster on our financial results for the fiscal year ended March 31, 2011 was primarily impairment losses on a portion of our stock portfolio as a result of the declines in stock prices. While an increase in credit costs and other factors related to the disaster also had a negative impact on our results of operations for the fiscal year, such impact was limited. For more information regarding our results of operation for the fiscal year ended March 31, 2011, see Operating Results. As part of our activities to support recovery efforts, our principal banking subsidiaries have been offering loans to individuals and corporations that were directly affected by the disaster under terms more favorable compared to conventional loans, and such borrowers may have more difficulty in meeting loan servicing obligations compared to other borrowers. For the fiscal year ending March 31, 2012, there can be no assurance that we will not suffer further losses, including impairment losses on equity securities and credit costs, relating to the impact of the disaster given the uncertainty surrounding the recovery of the domestic economy and financial markets as well as the outcome of the ongoing debate regarding the proposed compensation legislation described above, particularly the supporting scheme for electric utilities and the treatment of their major debt and equity holders under such scheme, including us.

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. Management

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identifies impaired loans through the credit quality review process, in which the debtor s ability to service its debt is assessed. The difference between our evaluation of the value of the impaired loan and its principal amount is the amount of the impairment which is recorded in the allowance for loan losses. Estimation of future cash flows is based on a comprehensive analysis of the borrower s ability to service the debt, any progress made on the borrower s rehabilitation program and the assumptions used therein.

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

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

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

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

Valuation of Financial Instruments

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

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

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

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

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

Valuation of Deferred Income Taxes

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

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

Pension and Other Employee Benefit Plans

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

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

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

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

For further information on our pension and other employee benefits, see note 22 to the consolidated financial statements included elsewhere in this annual report.

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Operating Results

The following table shows certain information as to our income, expenses and net income (loss) attributable to MHFG shareholders for the fiscal years ended March 31, 2009, 2010 and 2011:

	Fiscal years ended March 31,		
	2009	2010	2011
	(in billions of yen)		
Interest and dividend income	¥ 2,384	¥ 1,632	¥ 1,460
Interest expense	1,102	528	449
Net interest income	1,282	1,104	1,011
Provision (credit) for loan losses	567	222	1
Net interest income after provision (credit) for loan losses	715	882	1,010
Noninterest income	452	1,331	1,037
Noninterest expenses	1,525	1,526	1,436
Income (loss) before income tax expense (benefit)	(358)	687	611
Income tax expense (benefit)	762	(360)	193
Net income (loss)	(1,120)	1,047	418
Less: Net income (loss) attributable to noncontrolling interests[(1)]	(62)	47	5
Net income (loss) attributable to MHFG shareholders	¥ (1,058)	¥ 1,000	¥ 413

Note:

(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, 2009 as we adopted ASC 810. For further information, see note 2 to our consolidated financial statements included elsewhere in this annual report.

Executive Summary

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 ¥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.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

Net interest income decreased by ¥178 billion, or 13.9%, from the previous fiscal year to ¥1,104 billion in the fiscal year ended March 31, 2010 due to a decrease in net foreign interest and dividend income of ¥186 billion. The decrease was due mainly to a decrease of ¥521 billion in foreign interest and dividend income offset in part by a decrease of ¥335 billion in foreign interest expense. The decrease in foreign interest and dividend income was due mainly to decreases in interest from foreign loans and income from foreign call loans and funds sold, and receivables under resale agreements and securities borrowing transactions, both of which reflect general declines in U.S. dollar and euro interest rate levels. The decrease in foreign interest expense was due mainly to decreases in interest expense on foreign short-term borrowings and foreign interest-bearing deposits. These decreases were due mainly to the decrease in average interest rates, reflecting general declines in U.S. dollar and euro interest rate levels. Domestic interest and dividend income and domestic interest expense both declined significantly due to declines in yen interest rate levels, but net domestic interest and dividend income showed a slight increase due to the amounts of decline being similar.

Noninterest income increased by ¥879 billion from the previous fiscal year to ¥1,331 billion in the fiscal year ended March 31, 2010. The increase was due mainly to gains in investment gains (losses) net of ¥67 billion in the fiscal year ended March 31, 2010, compared to losses in investment gains (losses) net of ¥462 billion in the fiscal year ended March 31, 2009 and an increase in trading account gains net of ¥300 billion. The increase in investment gains (losses) net was due mainly to investment gains related to bonds and investment

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gains related to equity securities. Investment gains related to bonds in the fiscal year ended March 31, 2010 were due mainly to an absence of impairment losses on Japanese government bonds as we adopted ASC 320 which amends the other-than-temporary impairment model for debt securities. Investment gains related to equity securities were due mainly to a decrease in impairment losses on equity securities as a result of a recovery in the stock markets. The increase in trading account gains net was due mainly to the gains earned by consolidated VIEs, such as stock investment trusts, as a result of a positive change in market conditions, an increase in gains related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risk, that are not eligible for hedge accounting under U.S. GAAP and 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.

Noninterest expenses in the fiscal year ended March 31, 2010 was almost the same level compared to the previous fiscal year. Salaries and employee benefits increased by ¥96 billion in the fiscal year ended March 31, 2010, offset in part by provision (credit) for losses on off-balance-sheet instruments being a credit of ¥24 billion in the fiscal year ended March 31, 2010 compared to a provision of ¥84 billion in the previous fiscal year. The increase in salaries and employee benefits were 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 period, and the amortization of net actuarial loss, which primarily reflects past declines in the value of plan assets. The decrease was due mainly to a decrease in allowance for losses on off-balance-sheet transactions primarily as a result of the decrease in the balance of guarantees to overseas obligors.

As a result of the foregoing, income (loss) before income tax expense (benefit) was income of ¥687 billion in the fiscal year ended March 31, 2010 compared to a loss of ¥358 billion in the fiscal year ended March 31, 2009. We had an income tax benefit of ¥360 billion in the fiscal year ended March 31, 2010 compared to an income tax expense of ¥762 billion in the fiscal year ended March 31, 2009. The benefit was the result of an increase in deferred tax assets.

Net income (loss) was income of ¥1,047 billion in the fiscal year ended March 31, 2010 compared to a loss of ¥1,120 billion in the fiscal year ended March 31, 2009. Net income (loss) attributable to noncontrolling interests was income of ¥47 billion in the fiscal year ended March 31, 2010 compared to a loss of ¥62 billion in the fiscal year ended March 31, 2009. As a result, net income (loss) attributable to MHFG shareholders was income of ¥1,000 billion in the fiscal year ended March 31, 2010 compared to a loss of ¥1,058 billion in the fiscal year ended March 31, 2009.

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Net Interest Income

The following table shows the average balance of interest-earning assets and interest-bearing liabilities, interest amounts and the average interest rates on such assets and liabilities for the fiscal years ended March 31, 2009, 2010 and 2011:

	Fiscal years ended March 31,								
	2009			2010			2011		
	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate
	(in billions of yen, except percentages)								
Domestic:									
Interest-bearing deposits in other banks	¥ 1,903	¥ 12	0.63%	¥ 176	¥ 1	0.56%	¥ 371	¥ 1	0.27%
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	6,988	40	0.57	5,712	10	0.17	6,264	10	0.16
Trading account assets	7,223	37	0.52	7,561	37	0.49	8,980	33	0.37
Investments	27,426	264	0.96	33,275	229	0.69	36,967	214	0.58
Loans	59,387	1,019	1.72	57,074	864	1.51	54,287	759	1.40
Total interest-earning assets	102,927	1,372	1.33	103,798	1,141	1.10	106,869	1,017	0.95
Deposits	67,047	287	0.43	66,946	137	0.21	68,060	86	0.13
Debentures	2,755	18	0.64	1,938	12	0.62	1,150	7	0.57
Short-term borrowings(1)	22,803	150	0.66	23,775	48	0.20	22,270	37	0.17
Trading account liabilities	3,475	7	0.19	3,218	10	0.32	4,210	14	0.34
Long-term debt	6,506	178	2.73	6,972	194	2.79	8,129	186	2.29
Total interest-bearing liabilities	102,586	640	0.62	102,849	401	0.39	103,819	330	0.32
Net	341	732	0.71	949	740	0.71	3,050	687	0.63
Foreign:									
Interest-bearing deposits in other banks	942	26	2.76	1,056	8	0.78	1,020	8	0.75
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	8,739	169	1.93	8,412	38	0.45	8,772	44	0.50
Trading account assets	7,619	250	3.28	7,669	167	2.18	7,848	170	2.17
Investments	2,669	103	3.85	2,335	49	2.10	1,663	34	2.04
Loans	10,670	464	4.35	10,206	229	2.25	9,297	187	2.01
Total interest-earning assets	30,639	1,012	3.30	29,678	491	1.66	28,600	443	1.55
Deposits	7,250	200	2.75	7,794	58	0.74	8,048	48	0.60
Short-term borrowings(1)	11,871	225	1.89	11,600	34	0.30	12,312	49	0.40
Trading account liabilities	1,143	11	1.00	1,115	21	1.84	1,089	17	1.58
Long-term debt	889	26	2.92	842	14	1.63	482	5	0.95
Total interest-bearing liabilities	21,153	462	2.18	21,351	127	0.59	21,931	119	0.54
Net	9,486	550	1.12	8,327	364	1.07	6,669	324	1.01

Total:									
Total interest-earning assets	133,566	2,384	1.79	133,476	1,632	1.22	135,469	1,460	1.08
Total interest-bearing liabilities	123,739	1,102	0.89	124,200	528	0.43	125,750	449	0.36
Net	¥ 9,827	¥ 1,282	0.90	¥ 9,276	¥ 1,104	0.79	¥ 9,719	¥ 1,011	0.72

Note:

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

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Fiscal Year Ended March 31, 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 ¥21 billion, and changes in the average balances of foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥27 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 ¥95 billion, and the changes in the average balances of domestic interest-bearing liabilities contributed to an overall increase in interest expense of ¥24 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 substantially all of the overall decrease in interest expense of ¥8 billion.

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.

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 0.72%, 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 0.06% 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.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

Interest and dividend income decreased by ¥752 billion, or 31.5%, from the previous fiscal year to ¥1,632 billion in the fiscal year ended March 31, 2010. Domestic interest and dividend income accounted for ¥1,141 billion of the total amount, a decrease of ¥231 billion from the previous fiscal year, and foreign interest and dividend income accounted for ¥491 billion, a decrease of ¥521 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 average yield, reflecting a decline in yen interest rate levels. Changes in average yields on domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥219 billion, and changes in average balances of domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥12 billion, resulting in the ¥231 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 income from foreign call loans and funds sold, and receivables under resale agreements and securities borrowing transactions. The decreases in interest income from foreign loans and from foreign call loans and funds sold, and receivables under resale agreements and securities borrowing transactions were due mainly to a decrease in average yields, reflecting general declines in U.S. dollar and euro interest rate levels. Changes in average yields on foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥486 billion, and changes in average balances of foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥35 billion, resulting in the ¥521 billion decrease in foreign interest and dividend income.

Interest expense decreased by ¥574 billion, or 52.1%, from the previous fiscal year to ¥528 billion in the fiscal year ended March 31, 2010. Domestic interest expense accounted for ¥401 billion of the total amount, a decrease of ¥239 billion from the previous fiscal year, and foreign interest expense accounted for ¥127 billion of the total amount, a decrease of ¥335 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 a decrease in the average interest rate, reflecting a decline in yen interest rate levels. The changes in average interest rates on domestic interest-bearing liabilities contributed to an overall decrease in interest expense of ¥248 billion, and the changes in average balances of domestic interest-bearing liabilities contributed to an overall increase in interest expense of ¥9 billion, resulting in the ¥239 billion decrease in domestic interest expense.

The decrease in foreign interest expense was due mainly to decreases in interest expense on foreign short-term borrowings and foreign interest-bearing deposits. These decreases were due mainly to the decrease in average interest rates, reflecting general declines in U.S. dollar and euro interest rate levels. The changes in average interest rates on foreign interest-bearing liabilities contributed to an overall decrease in interest expense of ¥333 billion, and the changes in average balances of foreign interest-bearing liabilities contributed to an overall decrease in interest expense of ¥2 billion, resulting in the ¥335 billion decrease in foreign interest expense.

The decrease of 0.49% in the average yield on loans in the fiscal year ended March 31, 2010 compared to the fiscal year ended March 31, 2009 was larger than the decrease of 0.40% 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 0.21% in the average yield on domestic loans and the decrease of 0.22% in the average rate on domestic interest-bearing deposits was not significant.

As a result of the foregoing, net interest income decreased by ¥178 billion, or 13.9%, from the previous fiscal year to ¥1,104 billion. Average interest rate spread decreased by 0.11% to 0.79%, with the domestic average interest rate spread remaining unchanged due mainly to a comparable decrease in the average interest rate on deposits and the decrease in average yield on loans, both of which reflect declining yen interest rate levels, and foreign average interest rate spread decreasing by 0.05% due mainly to the effect of the decrease in average yield on loans exceeding the effect of the decrease in 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, 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 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. See Financial Condition Assets Allowance for Loan Losses Provision for loan losses.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

Provision for loan losses decreased by ¥345 billion, or 60.8%, from the previous fiscal year to ¥222 billion in the fiscal year ended March 31, 2010. The decrease was due mainly to an improvement in economic conditions and our efforts for appropriate credit management. See Financial Condition Assets Allowance for Loan Losses Provision for loan losses.

Noninterest Income

The following table shows a breakdown of noninterest income for the fiscal years ended March 31, 2009, 2010 and 2011:

	Fiscal years ended March 31,		
	2009	2010	2011
	(in billions of yen)		
Fees and commissions	¥ 561	¥ 586	¥ 582
Fees and commissions from securities-related business	57	115	126
Fees and commissions from remittance business	112	105	105
Fees and commissions from deposits, debentures and lending business	110	95	95
Trust fees	56	49	47
Fees for other customer services	226	222	209
Foreign exchange gains (losses) net	24	(2)	56
Trading account gains (losses) net	122	422	206
Investment gains (losses) net	(462)	67	70
Investment gains (losses) related to bonds	(178)	(2)	67
Investment gains (losses) related to equity securities	(282)	55	(12)
Others	(2)	14	15
Gains on disposal of premises and equipment	23	28	14
Other noninterest income	184	230	109
Total noninterest income	¥ 452	¥ 1,331	¥ 1,037

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

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

Fees and commissions

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

Foreign exchange gains (losses) net

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

Trading account gains (losses) net

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

Investment gains (losses) net

Investment gains net increased by ¥3 billion, or 4.5%, from the previous year to ¥70 billion in the fiscal year ended March 31, 2011. The increase was due mainly to investment gains related to bonds of ¥67 billion recorded in the fiscal year ended March 31, 2011, compared to investment losses related to bonds of ¥2 billion in the previous fiscal year, offset in part by investment losses related to equity securities of ¥12 billion recorded in the fiscal year ended March 31, 2011 compared to investment gains related to equity securities of ¥55 billion in the previous fiscal year. The change in investment gains (losses) related to bonds between the fiscal year ended March 31, 2010 and the fiscal year ended March, 31, 2011 was due mainly to an increase in gains related to bonds as a result of flexible and timely operations properly interpreting market trends especially relating to the decline in interest rates. The change in investment gains (losses) related to equity securities between the fiscal year ended March 31, 2010 and the fiscal year ended March, 31, 2011 was due mainly to declines in stock markets, including declines related to the Great East Japan Earthquake. For further information, see note 5 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.

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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.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

Noninterest income increased by ¥879 billion from the previous fiscal year to ¥1,331 billion in the fiscal year ended March 31, 2010. The increase was due mainly to gains in investment gains (losses) net of ¥67 billion in the fiscal year ended March 31, 2010 compared to losses in investment gains (losses) net of ¥462 billion in the previous fiscal year and an increase in trading account gains net of ¥300 billion.

Fees and commissions

Fees and commissions income increased by ¥25 billion, or 4.5%, from the previous fiscal year to ¥586 billion in the fiscal year ended March 31, 2010. The increase was due mainly to an increase of ¥58 billion in fees and commissions from securities-related business, offset in part by a decrease of ¥15 billion in fees and commissions from deposits, debentures and lending business. The increase in fees and commissions from securities-related business was due mainly to an increase in fees of our securities subsidiaries as a result of a positive change in market conditions.

Foreign exchange gains (losses) net

Foreign exchange gains (losses) net was a loss of ¥2 billion in the fiscal year ended March 31, 2010 compared to a gain of ¥24 billion in the previous fiscal year. The change was due mainly to fluctuations in foreign exchange rates in the fiscal year ended March 31, 2010.

Trading account gains (losses) net

Trading account gains net increased by ¥300 billion from the previous fiscal year to ¥422 billion in the fiscal year ended March 31, 2010. The increase was due mainly to the gains earned by consolidated VIEs, such as stock investment trusts, as a result of a positive change in market conditions, an increase in gains related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risk, that are not eligible for hedge accounting under U.S. GAAP and 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 gain of ¥67 billion in the fiscal year ended March 31, 2010 compared to a loss of ¥462 billion in the previous fiscal year. The change was due mainly to investment gains related to equity securities of ¥55 billion recorded in the fiscal year ended March 31, 2010 compared to investment losses related to equity securities of ¥282 billion in the previous fiscal year as well as a decrease of ¥176 billion in investment losses related to bonds compared to the previous fiscal year. The change in investment gains (losses) related to equity securities between the fiscal year ended March 31, 2009 and the fiscal year ended March 31, 2010 was due mainly to a decrease in impairment losses on equity securities as a result of a recovery of the stock markets. The decrease in investment losses related to bonds in the fiscal year ended March 31, 2010 was due mainly to the absence of impairment losses on Japanese government bonds as we adopted ASC 320 which amends the other-than-temporary impairment model for debt securities. For further information, see notes 2 and 5 to our consolidated financial statements included elsewhere in this annual report.

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Gains on disposal of premises and equipment

Gains on disposal of premises and equipment increased by ¥5 billion, or 21.7%, from the previous fiscal year to ¥28 billion in the fiscal year ended March 31, 2010 due mainly to increased gains on the sale of real estate.

Other noninterest income

Other noninterest income increased by ¥46 billion, or 25.0%, from the previous fiscal year to ¥230 billion in the fiscal year ended March 31, 2010. The increase was due mainly to a gain relating to the merger of Mizuho Securities and Shinko Securities.

Noninterest Expenses

The following table shows a breakdown of noninterest expenses for the fiscal years ended March 31, 2009, 2010 and 2011:

	Fiscal years ended March 31,		
	2009	**2010**	**2011**
		(in billions of yen)	
Salaries and employee benefits	¥ 496	¥ 592	¥ 553
General and administrative expenses	499	497	500
Impairment of goodwill			9
Occupancy expenses	178	172	170
Fees and commission expenses	106	92	96
Provision (credit) for losses on off-balance-sheet instruments	84	(24)	4
Other noninterest expenses	162	197	104
Total noninterest expenses	¥ 1,525	¥ 1,526	¥ 1,436

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 22 to our consolidated financial statements included elsewhere in this annual report.

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.

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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 9 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.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

Noninterest expenses increased by ¥1 billion, or 0.1%, from the previous fiscal year to ¥1,526 billion in the fiscal year ended March 31, 2010.

Salaries and employee benefits

Salaries and employee benefits increased by ¥96 billion, or 19.4%, from the previous fiscal year to ¥592 billion in the fiscal year ended March 31, 2010 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 period, and the amortization of net actuarial loss, which primarily reflects past declines in the value of plan assets. Additional information regarding pension and other employee benefit plans is included in note 22 to our consolidated financial statements included elsewhere in this annual report.

General and administrative expenses

General and administrative expenses decreased by ¥2 billion, or 0.4%, from the previous fiscal year to ¥497 billion in the fiscal year ended March 31, 2010. The decrease was due mainly to our efforts to enhance our cost efficiency through detailed reviews.

Occupancy expenses

Occupancy expenses decreased by ¥6 billion, or 3.4%, from the previous fiscal year to ¥172 billion in the fiscal year ended March 31, 2010. The decrease was due mainly to a decrease in depreciation expenses of tangible fixed assets and a decrease in losses on disposal of premises and equipment.

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

Provision (credit) for losses on off-balance-sheet instruments was a credit of ¥24 billion in the fiscal year ended March 31, 2010 compared to a provision of ¥84 billion in the previous fiscal year. The change was due mainly to a decrease in allowance for losses on off-balance-sheet transactions primarily as a result of the decrease in the balance of guarantees to overseas obligors.

Income Tax Expense (Benefit)

The following table shows the components of income tax expense (benefit) for the fiscal years ended March 31, 2009, 2010 and 2011:

	Fiscal years ended March 31,		
	2009	**2010**	**2011**
		(in billions of yen)	
Current:			
Domestic	¥ 10	¥ 11	¥ 7
Foreign	41	6	11
Total current tax expense	51	17	18
Deferred:			
Domestic	710	(378)	175
Foreign	1	1	0
Total deferred tax expense (benefit)	711	(377)	175
Total income tax expense (benefit)	¥ 762	¥ (360)	¥ 193

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.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

Income tax expense (benefit) was a benefit of ¥360 billion in the fiscal year ended March 31, 2010 compared to an expense of ¥762 billion in the previous fiscal year. Current income tax expense in the fiscal year ended March 31, 2010 decreased by ¥34 billion to ¥17 billion from the previous fiscal year.

Deferred income tax expense (benefit) was a benefit of ¥377 billion in the fiscal year ended March 31, 2010 compared to an expense of ¥711 billion in the previous fiscal year. The benefit was the result of an increase in

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deferred tax assets, net of valuation allowance, reflecting primarily changes in our estimation of future taxable income as a result of the increase in net unrealized gains on available-for-sale securities reflecting primarily the rise in domestic stock markets.

Gross deferred tax assets decreased by ¥833 billion in the fiscal year ended March 31, 2010 due mainly to a decrease of net operating loss carryforwards resulting from its expiration.

Valuation allowance decreased by ¥1,175 billion in the fiscal year ended March 31, 2010 due mainly to recuperated realizability of future tax benefits based on a recovery of domestic stock markets and an upward revision to our estimation of future taxable income in light of the results of operations of the fiscal year ended March 31, 2010. As a result, deferred tax assets, net of valuation allowance increased by ¥342 billion from the end of the previous fiscal year to ¥1,487 billion at March 31, 2010.

The following table shows components of deferred tax assets as of March 31, 2009, 2010 and 2011:

	Fiscal years ended March 31,		
	2009	**2010**	**2011**
		(in billions of yen)	
Deferred tax assets:			
Investments	¥ 1,266	¥ 1,155	¥ 1,097
Allowance for loan losses	495	487	417
Trading account assets	86	75	92
Prepaid pension cost and accrued pension liabilities	123	41	72
Financial Stabilization Funds	21	17	12
Premises and equipment	27	15	7
Undistributed earning of subsidiaries	15	5	
Net operating loss carryforwards	2,559	1,996	1,790
Other	332	300	302
Gross deferred tax assets	4,924	4,091	3,789
Valuation allowance	(3,779)	(2,604)	(2,478)
Deferred tax assets, net of valuation allowance	1,145	1,487	1,311
Deferred tax liabilities:			
Available-for-sale securities	283	551	355
Derivative financial instruments	27	43	32
Undistributed earnings of subsidiaries			6
Other	51	79	76
Gross deferred tax liabilities	361	673	469
Net deferred tax assets	¥ 784	¥ 814	¥ 842

Net Income (Loss) Attributable to Noncontrolling Interests

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.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

Net income (loss) attributable to noncontrolling interests was income of ¥47 billion in the fiscal year ended March 31, 2010 compared to a loss of ¥62 billion in the fiscal year ended March 31, 2009. This change was due mainly to the allocation of income earned by a principal banking subsidiary in the fiscal year ended March 31, 2010 which recorded a loss in the fiscal year ended March 31, 2009.

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Net Income (Loss) Attributable to MHFG Shareholders

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.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

As a result of the foregoing, net income (loss) attributable to MHFG shareholders was income of ¥1,000 billion in the fiscal year ended March 31, 2010 compared to a loss of ¥1,058 billion in the previous fiscal year.

Business Segments Analysis

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 following internal managerial accounting rules and practices. Net business profits is used as a measure of the profitability of core banking operations in Japan 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 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. We divide the businesses of each of Mizuho Corporate Bank and Mizuho Bank into three reportable segments based on customer characteristics and functions. Reportable segments of Mizuho Corporate Bank are: domestic; international; and trading and others. Reportable segments of Mizuho Bank are: 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

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 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 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. The former Mizuho Securities and Shinko Securities merged to form the new Mizuho Securities in May 2009.

Others

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

The Global Retail Group

Mizuho Bank

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

Retail banking

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

Corporate banking

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

Trading and others

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

Mizuho Investors Securities

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

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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 Co., Ltd., 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.

Results of Operations by Business Segment

Consolidated Results of Operations

Consolidated gross profits for the fiscal year ended March 31, 2011 were ¥2,033.3 billion, an increase of ¥36.7 billion compared to the fiscal year ended March 31, 2010. Consolidated general and administrative expenses (excluding non-recurring expenses) for the fiscal year ended March 31, 2011 were ¥1,202.3 billion, a decrease of ¥10.9 billion compared to the fiscal year ended March 31, 2010. Consolidated net business profits for the fiscal year ended March 31, 2011 were ¥741.7 billion, an increase of ¥39.1 billion compared to the fiscal year ended March 31, 2010.

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Global Corporate Group Financial Results

The following tables show 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, 2009, 2010 and 2011:

	Mizuho Corporate Bank						Total Global Corporate Group
	Domestic	International	Trading and others	Subtotal	Mizuho Securities	Others	
	(in billions of yen)						
Fiscal year ended March 31, 2009:							
Gross profits:							
Net interest income (expenses)	¥ 172.7	¥ 90.1	¥ 53.7	¥ 316.5	¥ (9.7)	¥ 74.5	¥ 381.3
Net noninterest income	102.5	40.4	68.8	211.7	78.0	53.5	343.2
Total	275.2	130.5	122.5	528.2	68.3	128.0	724.5
General and administrative expenses	92.0	66.0	88.9	246.9	59.5	75.0	381.4
Others						(35.4)	(35.4)
Net business profits	¥ 183.2	¥ 64.5	¥ 33.6	¥ 281.3	¥ 8.8	¥ 17.6	¥ 307.7
Fiscal year ended March 31, 2010:							
Gross profits:							
Net interest income (expenses)	¥ 175.0	¥ 85.8	¥ 184.0	¥ 444.8	¥ (10.7)	¥ 36.5	¥ 470.6
Net noninterest income	110.7	31.7	55.1	197.5	188.5	63.9	449.9
Total	285.7	117.5	239.1	642.3	177.8	100.4	920.5
General and administrative expenses	97.5	54.4	95.0	246.9	153.4	77.8	478.1
Others						(11.8)	(11.8)
Net business profits	¥ 188.2	¥ 63.1	¥ 144.1	¥ 395.4	¥ 24.4	¥ 10.8	¥ 430.6
Fiscal year ended March 31, 2011:							
Gross profits:							
Net interest income (expenses)	¥ 176.0	¥ 86.3	¥ 133.5	¥ 395.8	¥ (9.2)	¥ 70.4	¥ 457.0
Net noninterest income	115.2	56.9	110.4	282.5	158.9	42.1	483.5
Total	291.2	143.2	243.9	678.3	149.7	112.5	940.5
General and administrative expenses	88.8	62.1	84.1	235.0	160.9	75.4	471.3
Others						(56.7)	(56.7)
Net business profits (losses)	¥ 202.4	¥ 81.1	¥ 159.8	¥ 443.3	¥ (11.2)	¥ (19.6)	¥ 412.5

Fiscal year ended March 31, 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.

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.

Fiscal year ended March 31, 2010 compared to fiscal year ended March 31, 2009

Gross profits for Mizuho Corporate Bank for the fiscal year ended March 31, 2010 were ¥642.3 billion, an increase of ¥114.1 billion, or 21.6%, compared to the fiscal year ended March 31, 2009. This increase was due to an increase in gross profits from trading and others of ¥116.6 billion (including an increase of approximately ¥61 billion (which is eliminated upon consolidation) due to the effect of, based on the structure of our capital raising through the issuance of preferred debt securities by our special purpose companies, Mizuho Financial Group, instead of Mizuho Corporate Bank, providing funds for the dividend payments made on such preferred debt securities specifically during the fiscal year ended March 31, 2010) as a result of an absence of losses on credit investments, such as equity investment trusts, we recorded in the fiscal year ended March 31, 2009 and robust profits from flexible and timely asset-and-liability management operations, and an increase in gross profits from domestic operations of ¥10.5 billion due primarily to an increase in noninterest income due to absence of impairment losses related to alternative investments recorded in the previous year and an increase in interest income as a result of a widening of the domestic average loan interest rate spread. This increase was offset in part by a decrease of ¥13.0 billion in gross profits from international operations, due mainly to a decrease in noninterest income reflecting increased valuation losses from credit default swaps related to credit investments in Europe and a decrease in interest income reflecting a decline in total loan balance.

General and administrative expenses of Mizuho Corporate Bank for the fiscal year ended March 31, 2010 were ¥246.9 billion, which was unchanged from the fiscal year ended March 31, 2009, due mainly to the effect of the appreciation of the Japanese yen in addition to our group-wide cost reduction efforts offset in part by an increase in expenses related to employee retirement benefits.

As a result, net business profits of Mizuho Corporate Bank for the fiscal year ended March 31, 2010 were ¥395.4 billion, an increase of ¥114.1 billion, or 40.6%, compared to the fiscal year ended March 31, 2009.

Net business profits of Mizuho Securities for the fiscal year ended March 31, 2010 were ¥24.4 billion, an increase of ¥15.6 billion compared to the fiscal year ended March 31, 2009 due mainly to an increase in commission and fee income and improved trading profits, including the effects of the merger between the former Shinko Securities and the former Mizuho Securities on May 7, 2009.

As a result mainly of the foregoing, net business profits for the Global Corporate Group for the fiscal year ended March 31, 2010 increased by ¥122.9 billion, or 39.9%, compared to the fiscal year ended March 31, 2009 to ¥430.6 billion.

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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, 2009, 2010 and 2011:

	Mizuho Bank						
	Retail Banking	Corporate Banking	Trading and others	Subtotal	Mizuho Investors Securities	Others	Total Global Retail Group
				(in billions of yen)			
Fiscal year ended March 31, 2009:							
Gross profits:							
Net interest income (expenses)	¥ 327.3	¥ 297.9	¥ (21.5)	¥ 603.7	¥ 0.4	¥ 44.0	¥ 648.1
Net noninterest income (expenses)	25.2	144.4	54.4	224.0	30.9	(2.7)	252.2
Total	352.5	442.3	32.9	827.7	31.3	41.3	900.3
General and administrative expenses	235.7	234.2	101.2	571.1	44.0	0.8	615.9
Others						(13.8)	(13.8)
Net business profits (losses)	¥ 116.8	¥ 208.1	¥ (68.3)	¥ 256.6	¥ (12.7)	¥ 26.7	¥ 270.6
Fiscal year ended March 31, 2010(1):							
Gross profits:							
Net interest income	¥ 263.5	¥ 266.4	¥ 83.0	¥ 612.9	¥ 0.4	¥ 28.3	¥ 641.6
Net noninterest income	25.0	126.5	54.4	205.9	47.2	5.7	258.8
Total	288.5	392.9	137.4	818.8	47.6	34.0	900.4
General and administrative expenses	245.8	228.9	95.7	570.4	40.0	7.3	617.7
Others						(2.0)	(2.0)
Net business profits	¥ 42.7	¥ 164.0	¥ 41.7	¥ 248.4	¥ 7.6	¥ 24.7	¥ 280.7
Fiscal year ended March 31, 2011(1):							
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

Note:

(1) We changed our managerial accounting rules in a manner that changed the breakdown of Mizuho Bank figures due to a change in internal transfer rates for funding beginning the fiscal year ended March 31, 2010. The above table shows figures reflecting such change. The change does not affect the Mizuho Bank subtotals.

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.

Fiscal year ended March 31, 2010 compared to fiscal year ended March 31, 2009

Gross profits for Mizuho Bank for the fiscal year ended March 31, 2010 decreased by ¥8.9 billion, or 1.1%, from the fiscal year ended March 31, 2009 to ¥818.8 billion. The decrease was due mainly to a decrease in gross profits of ¥64.0 billion from retail banking, reflecting a decrease in loan interest income and deposit income and income from sales of individual annuities, offset in part by an increase in sales of investment trusts. Gross profits from corporate banking also decreased by ¥49.4 billion, reflecting a decrease in loan interest income and deposit income as well as a decrease in noninterest income such as from our solutions business and foreign exchange business such as currency options. These decreases were offset in part by an increase in gross profits of ¥104.5 billion from trading and others (including an increase of approximately ¥17 billion (which is eliminated upon consolidation) due to the effect of, based on the structure of our capital raising through the issuance of preferred debt securities by our special purpose companies, Mizuho Financial Group, instead of Mizuho Bank, providing funds for the dividend payments made on such preferred debt securities specifically during the fiscal year ended March 31, 2010) as a result of robust profits from flexible and timely asset-and-liability management operations mainly in Japanese yen in response to interest rate movements.

General and administrative expenses for Mizuho Bank decreased by ¥0.7 billion, or 0.1%, compared to the fiscal year ended March 31, 2009 to ¥570.4 billion due mainly to our group-wide cost reduction efforts offset in part by an increase in expenses related to employee retirement benefits.

As a result, net business profits of Mizuho Bank for the fiscal year ended March 31, 2010 were ¥248.4 billion, a decrease of ¥8.2 billion, or 3.2%, compared to the fiscal year ended March 31, 2009.

Mizuho Investors Securities recorded net business profits of ¥7.6 billion for the fiscal year ended March 31, 2010, compared to net business losses of ¥12.7 billion for the fiscal year ended March 31, 2009, due mainly to an increase in commission income such as equity-related income and sales of investment trust and an increase in trading income with the absence of the negative impact of the global financial crisis incurred in the previous fiscal year and a decrease in general and administrative expenses through cost-cutting efforts.

As a result mainly of the foregoing, net business profits for the Global Retail Group for the fiscal year ended March 31, 2010 increased by ¥10.1 billion, or 3.7%, compared to the fiscal year ended March 31, 2009 to ¥280.7 billion.

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Global Asset & Wealth Management Group Financial Results

The following table shows gross profits, general and administrative expenses (excluding non-recurring expenses) and net business profits for the Global Asset & Wealth Management Group for the fiscal years ended March 31, 2009, 2010 and 2011:

	Mizuho Trust & Banking	Others	Total Global Asset & Wealth Management Group
		(in billions of yen)	
Fiscal year ended March 31, 2009:			
Gross profits[1]:			
Net interest income	¥ 48.6	¥ 1.2	¥ 49.8
Net noninterest income	81.5	45.6	127.1
Total	130.1	46.8	176.9
General and administrative expenses	91.3	40.7	132.0
Others		(3.2)	(3.2)
Net business profits	¥ 38.8	¥ 2.9	¥ 41.7
Fiscal year ended March 31, 2010:			
Gross profits[1]:			
Net interest income	¥ 44.9	¥ 1.3	¥ 46.2
Net noninterest income	87.1	43.4	130.5
Total	132.0	44.7	176.7
General and administrative expenses	89.9	38.6	128.5
Others		(2.8)	(2.8)
Net business profits	¥ 42.1	¥ 3.3	¥ 45.4
Fiscal year ended March 31, 2011:			
Gross profits[1]:			
Net interest income	¥ 42.5	¥ 0.9	¥ 43.4
Net noninterest income	89.4	44.6	134.0
Total	131.9	45.5	177.4
General and administrative expenses	87.4	38.1	125.5
Others		(2.1)	(2.1)
Net business profits	¥ 44.5	¥ 5.3	¥ 49.8

Note:

(1) Before credit-related costs for trust accounts

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.

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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.

Fiscal year ended March 31, 2010 compared to fiscal year ended March 31, 2009

Gross profits for Mizuho Trust & Banking for the fiscal year ended March 31, 2010 increased by ¥1.9 billion, or 1.5%, from the fiscal year ended March 31, 2009 to ¥132.0 billion. The increase was due mainly to an increase in noninterest income, including a significant increase in a portion of income from the treasury business.

General and administrative expenses for Mizuho Trust & Banking decreased by ¥1.4 billion, or 1.5%, compared to the fiscal year ended March 31, 2009 to ¥89.9 billion due mainly to our group-wide cost reduction efforts offset in part by 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, 2010 increased by ¥3.7 billion, or 8.9%, compared to the fiscal year ended March 31, 2009 to ¥45.4 billion.

Geographical Segment Analysis

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

	Japan	Americas	Europe	Asia/Oceania excluding Japan, and others	Total
			(in billions of yen)		
Fiscal year ended March 31, 2009:					
Total revenue(1)	¥ 1,867	¥ 424	¥ 347	¥ 198	¥ 2,836
Total expenses(2)	2,424	263	364	143	3,194
Income (loss) before income tax expense	¥ (557)	¥ 161	¥ (17)	¥ 55	¥ (358)
Net income (loss)	¥ (1,277)	¥ 131	¥ (20)	¥ 46	¥ (1,120)
Total assets at end of fiscal year	¥ 115,589	¥ 24,995	¥ 9,816	¥ 4,683	¥ 155,083
Fiscal year ended March 31, 2010:					
Total revenue(1)	¥ 2,324	¥ 284	¥ 230	¥ 125	¥ 2,963
Total expenses(2)	1,907	134	163	72	2,276
Income before income tax expense	¥ 417	¥ 150	¥ 67	¥ 53	¥ 687
Net income	¥ 784	¥ 149	¥ 66	¥ 48	¥ 1,047
Total assets at end of fiscal year	¥ 121,556	¥ 21,951	¥ 10,179	¥ 4,665	¥ 158,351
Fiscal year ended March 31, 2011:					
Total revenue(1)	¥ 1,943	¥ 282	¥ 128	¥ 144	¥ 2,497
Total expenses(2)	1,628	112	70	76	1,886
Income before income tax expense	¥ 315	¥ 170	¥ 58	¥ 68	¥ 611
Net income	¥ 134	¥ 166	¥ 57	¥ 61	¥ 418

Total assets at end of fiscal year	¥ 125,413	¥ 21,795	¥ 8,522	¥ 6,256	¥ 161,986

Notes:

(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.

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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 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.

Fiscal Year Ended March 31, 2010 Compared to Fiscal Year Ended March 31, 2009

In the fiscal year ended March 31, 2010, 74.9% of our net income was derived from Japan, 14.3% from the Americas, 6.3% from Europe and 4.5% from Asia/Oceania excluding Japan, and others. At March 31, 2010, 76.8% of total assets were allocated to Japan, 13.9% to the Americas, 6.4% to Europe and 2.9% to Asia/Oceania excluding Japan, and others.

Total revenue in Japan increased by ¥457 billion from the previous fiscal year due primarily to the change from investment losses net to investment gains net, as a result of a decrease in impairment losses on equity securities reflecting a recovery of the domestic stock markets, and absence of impairment losses on Japanese government bonds as we adopted ASC 320 which amends the other-than-temporary impairment model for debt securities. Total expenses decreased by ¥517 billion due to a decrease in provision for loan losses, reflecting an improvement in Japanese economic conditions, and a decrease in interest expense on domestic interest-bearing deposits, reflecting a decline in yen interest rate levels. In addition, we had an income tax benefit of ¥367 billion in Japan in the fiscal year ended March 31, 2010 compared to an income tax expense of ¥720 billion in the previous fiscal year. The tax benefit was due mainly to an increase in deferred tax assets, net of valuation allowance, reflecting primarily changes in our estimation of future taxable income as a result of the increase in net unrealized gains on available-for-sale securities, reflecting primarily the rise in domestic stock markets. As a result, net income in Japan increased by ¥2,061 billion. Total assets in Japan increased by ¥5,967 billion due primarily to increases in investments, especially Japanese government bonds, and trading account assets, offset in part by a decrease in loans.

In the Americas, total revenue decreased by ¥140 billion due primarily to a decrease in interest income from receivables under resale agreements, investments and loans, reflecting general declines in U.S. dollar interest rate levels, offset in part by the change from trading account losses net to trading account gains net. Total expenses decreased by ¥129 billion due primarily to a decrease in interest expenses from payables under repurchase agreements reflecting general declines in U.S. dollar interest rate levels. As a result, net income in the Americas increased by ¥18 billion. Total assets in the Americas decreased by ¥3,044 billion due primarily to a decrease in trading account assets, consisting mainly of those regarding derivative contracts and the effect of the depreciation of U.S. dollars against the Japanese yen.

In Europe, total revenue decreased by ¥117 billion due primarily to a decrease in interest income from loans, investments and receivables under resale agreements, reflecting general declines in euro interest rate levels, offset in part by a decrease in trading account losses net. Total expenses decreased by ¥201 billion due primarily to decreases in interest expense on interest-bearing deposits and interest expense from payables under repurchase agreements, reflecting general declines in euro interest rate levels. As a result, net income in Europe increased by ¥86 billion. Total assets in Europe increased by ¥363 billion due primarily to increases in investments and receivables under resale agreements, partially offset by decreases in trading account assets and loans and the effect of the depreciation of the euro against the Japanese yen.

In Asia/Oceania excluding Japan, and others, total revenue decreased by ¥73 billion due primarily to a decrease in loan interest income. Total expenses decreased by ¥71 billion due primarily to decreases in interest expenses and provision for loan losses. As a result, net income in Asia/Oceania excluding Japan, and others increased by ¥2 billion. Total assets in Asia/Oceania excluding Japan, and others decreased by ¥18 billion due primarily to decreases in trading account assets and loans, partially offset by an increase in investments.

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Financial Condition

Assets

Our assets as of March 31, 2010 and 2011 were as follows:

	As of March 31, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen)		
Cash and due from banks	¥ 3,399	¥ 1,884	¥ (1,515)
Interest-bearing deposits in other banks	2,027	8,240	6,213
Call loans and funds sold	607	382	(225)
Receivables under resale agreements	7,132	7,467	335
Receivables under securities borrowing transactions	5,745	6,541	796
Trading account assets	31,528	28,106	(3,422)
Investments	39,253	40,704	1,451
Loans	63,783	64,690	907
Allowance for loan losses	(880)	(735)	145
Loans, net of allowance	62,903	63,955	1,052
Premises and equipment net	1,048	1,114	66
Due from customers on acceptances	51	74	23
Accrued income	266	238	(28)
Goodwill	15	8	(7)
Intangible assets	81	76	(5)
Deferred tax assets	826	855	29
Other assets	3,470	2,342	(1,128)
Total assets	¥ 158,351	¥ 161,986	¥ 3,635

Total assets increased by ¥3,635 billion from the end of the previous fiscal year to ¥161,986 billion as of March 31, 2011. This increase was due primarily to an increase of ¥6,213 billion in interest-bearing deposits in other banks 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 an increase of ¥1,451 billion in investments, primarily Japanese government bonds, offset in part by a decrease of ¥3,422 billion in trading account assets, primarily interest rate-related derivative contracts, and a decrease of ¥1,515 billion in cash and due from banks.

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Loans

Loans Outstanding

The following table shows our loans outstanding as of March 31, 2010 and 2011:

	As of March 31,				Increase (decrease)	
	2010[1]		2011			
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 8,065	12.6%	¥ 7,617	11.8%	¥ (448)	(0.8)%
Construction and real estate	7,854	12.3	7,308	11.3	(546)	(1.0)
Services	5,153	8.1	4,287	6.6	(866)	(1.5)
Wholesale and retail	5,306	8.3	5,314	8.2	8	(0.1)
Transportation and communications	3,237	5.1	3,228	5.0	(9)	(0.1)
Banks and other financial institutions	4,290	6.7	3,908	6.0	(382)	(0.7)
Government and public institutions	5,459	8.6	7,154	11.0	1,695	2.4
Other industries[2]	3,332	5.2	3,759	5.8	427	0.6
Individuals	11,882	18.6	12,181	18.8	299	0.2
Mortgage loans	11,093	17.4	11,436	17.7	343	0.3
Other	789	1.2	745	1.1	(44)	(0.1)
Total domestic	54,578	85.5	54,756	84.5	178	(1.0)
Foreign:						
Commercial and industrial	7,237	11.3	6,965	10.8	(272)	(0.5)
Banks and other financial institutions	1,722	2.7	2,588	4.0	866	1.3
Government and public institutions	292	0.5	453	0.7	161	0.2
Other[2]	32	0.0	9	0.0	(23)	0.0
Total foreign	9,283	14.5	10,015	15.5	732	1.0
Subtotal	63,861	100.0%	64,771	100.0%	910	
Less: Unearned income and deferred loan fees net	(78)		(81)		(3)	
Total loans before allowance for loan losses	¥ 63,783		¥ 64,690		¥ 907	

Notes:

(1) We partially changed the category of industry sector to be consistent with class of financing receivables under ASU No.2010-20 which we adopted in the fiscal year ended March 31, 2011. Amounts as of March 31, 2010 have been reclassified to conform to the current period s presentation.

(2) 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 ¥907 billion from the end of the previous fiscal year to ¥64,690 billion as of March 31, 2011. Domestic loans increased by ¥178 billion to ¥54,756 billion due mainly to an increase in loans to government and public institutions attributable mainly to loans to the Japanese government, offset in part by decreases in almost all of the industries attributable to weak funding needs by corporate borrowers.

Loans to foreign borrowers increased by ¥732 billion from the end of the previous fiscal year to ¥10,015 billion as of March 31, 2011. The increase in foreign loans was due mainly to an increase in loans to banks and other financial institutions attributable mainly to new loans made to some foreign financial institutions, offset in part by the translation impact of the strengthening of the Japanese yen.

Within our loan portfolio, loans to domestic borrowers decreased from 85.5% to 84.5% while loans to foreign borrowers increased from 14.5% to 15.5%.

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Impaired Loans

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 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(1)	E1	Obligors that require observation going forward because of either minor concerns regarding their financial position, or somewhat weak or unstable business conditions.
	E2	Obligors that require special observation going forward because of problems with their borrowings such as reduced or suspended interest payments, problems with debt fulfillment such as failure of principal or interest payments, or problems with their financial position as a result of their weak or unstable business condition.
Intensive control	F	Obligors that are not yet bankrupt but are in financial difficulties and are deemed likely to become bankrupt in the future because of insufficient progress in implementing their management improvement plans or other measures (including obligors that are receiving ongoing support from financial institutions).
Substantially bankrupt	G	Obligors that have not yet become legally or formally bankrupt but are substantially insolvent because they are in serious financial difficulties and are deemed to be incapable of being restructured.
Bankrupt	H	Obligors that have become legally or formally bankrupt.

Note:

(1) Special attention obligors are watch obligors with restructured 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. 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.

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

The following table shows our impaired loans as of March 31, 2010 and 2011 based on classifications by domicile and industry segment:

	As of March 31,					
	2010[1]		2011		Increase (decrease)	
	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 270	3.3%	¥ 309	4.1%	¥ 39	0.8%
Construction and real estate	302	3.8	265	3.6	(37)	(0.2)
Services	181	3.5	108	2.5	(73)	(1.0)
Wholesale and retail	159	3.0	177	3.3	18	0.3
Transportation and communications	139	4.3	54	1.7	(85)	(2.6)
Banks and other financial institutions	21	0.5	3	0.1	(18)	(0.4)
Other industries	1	0.0	1	0.0	0	0.0
Individuals	201	1.7	290	2.4	89	0.7
Total domestic	1,274	2.3	1,207	2.2	(67)	(0.1)
Foreign	130	1.4	116	1.2	(14)	(0.2)
Total impaired loans	¥ 1,404	2.2	¥ 1,323	2.0	¥ (81)	(0.2)

Note:

(1) We partially changed the category of industry sector to be consistent with class of financing receivables under ASU No.2010-20 which we adopted in the fiscal year ended March 31, 2011. Amounts as of March 31, 2010 have been reclassified to conform to the current period s presentation.

Impaired loans decreased by ¥81 billion, or 5.8%, from the end of the previous fiscal year to ¥1,323 billion as of March 31, 2011. Domestic impaired loans decreased by ¥67 billion due primarily to decreases in impaired loans to borrowers in transportation and communications and services, each due primarily to restructurings and upgrades, related to large borrowers, offset in part by an increase in individuals amid a prolonged slump in personal consumption. Foreign impaired loans decreased by ¥14 billion due primarily to the translation impact of the strengthening of the Japanese yen.

The percentage of impaired loans within gross total loans decreased from 2.2% as of March 31, 2010 to 2.0% as of March 31, 2011. The percentage of impaired loans net of allowance to gross total loans net of allowance increased from 0.83% as of March 31, 2010 to 0.92% as of March 31, 2011, 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 impaired loans.

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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).
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.

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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, 2010 and 2011:

	As of March 31, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen, except percentages)		
Allowance for loan losses on impaired loans (A)	¥ 435	¥ 334	¥ (101)
Allowance for loan losses on other loans (B)	445	401	(44)
Total allowance for loan losses (C)	880	735	(145)
Impaired loans requiring an allowance for loan losses (D)	1,108	1,028	(80)
Impaired loans not requiring an allowance for loan losses (E)	296	295	(1)
Other loans (F)	62,457	63,448	991
Gross total loans (G)	¥ 63,861	¥ 64,771	¥ 910
Percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance (A)/(D)x100	39.26%	32.45%	(6.81)%
Percentage of allowance for loan losses on other loans against the balance of other loans (B)/(F)x100	0.71	0.63	(0.08)
Percentage of total allowance for loan losses against gross total loans (C)/(G)x100	1.38	1.13	(0.25)

Allowance for loan losses decreased by ¥145 billion from the end of the previous fiscal year to ¥735 billion as of March 31, 2011. Of such decrease, ¥101 billion was attributable to a decrease in the allowance for loan losses on impaired loans, due mainly to a decrease in loans to large borrowers as a result of restructurings, and ¥44 billion was attributable to a decrease in the allowance for loan losses on other loans, due mainly to our appropriate credit management. As a result, the percentage of total allowance for loan losses against gross total loans decreased by 0.25% to 1.13%, and the percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance decreased by 6.81% to 32.45%.

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Provision for loan losses

The following table summarizes changes in our allowance for loan losses, including a breakdown of charge-offs and recoveries by domicile and industry segment, in the fiscal years ended March 31, 2010 and 2011:

	Fiscal years ended March 31, 2010[(1)]	2011	Increase (decrease)
	(in billions of yen)		
Allowance for loan losses at beginning of fiscal year	¥ 870	¥ 880	¥ 10
Provision for loan losses	222	1	(221)
Charge-offs:			
Domestic:			
Manufacturing	17	20	3
Construction and real estate	56	20	(36)
Services	17	20	3
Wholesale and retail	48	28	(20)
Transportation and communications	26	59	33
Banks and other financial institutions	1	1	0
Other industries	2	1	(1)
Individuals	27	17	(10)
Total domestic charge-offs	194	166	(28)
Foreign	66	19	(47)
Total charge-offs	260	185	(75)
Recoveries:			
Domestic:			
Manufacturing	7	7	0
Construction and real estate	25	14	(11)
Services	3	5	2
Wholesale and retail	5	5	0
Transportation and communications	1	1	0
Banks and other financial institutions	4	1	(3)
Other industries	0	0	0
Individuals	3	2	(1)
Total domestic recoveries	48	35	(13)
Foreign	6	13	7
Total recoveries	54	48	(6)
Net charge-offs	206	137	(69)
Others[(2)]	(6)	(9)	(3)
Balance at end of fiscal year	¥ 880	¥ 735	¥ (145)

Notes:

(1) We partially changed the category of industry sector to be consistent with class of financing receivables under ASU No.2010-20 which we adopted in the fiscal year ended March 31, 2011. Amounts as of March 31, 2010 have been reclassified to conform to the current period s

presentation.

(2) Others include primarily foreign exchange translation.

Provision for loan losses decreased by ¥221 billion from the previous fiscal year to ¥1 billion in the fiscal year ended March 31, 2011. The decrease 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.

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Charge-offs decreased by ¥75 billion from the previous fiscal year to ¥185 billion for the fiscal year ended March 31, 2011. Charge-offs of domestic loans decreased by ¥28 billion compared to the previous fiscal year to ¥166 billion in the fiscal year ended March 31, 2011. Charge-offs of foreign loans decreased by ¥47 billion compared to the previous fiscal year to ¥19 billion in the fiscal year ended March 31, 2011.

Recoveries decreased by ¥6 billion from the previous fiscal year to ¥48 billion in the fiscal year ended March 31, 2011, reflecting a decrease in recoveries with respect to domestic loans offset in part by an increase with respect to foreign loans.

Investments

The majority of our investments are available-for-sale securities and held-to-maturity securities, which at March 31, 2010 and 2011 were as follows:

	As of March 31,								
	2010			2011			Increase (decrease)		
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)
	(in billions of yen)								
Available-for-sale securities:									
Debt securities	¥ 34,508	¥ 34,517	¥ 9	¥ 35,756	¥ 35,716	¥ (40)	¥ 1,248	¥ 1,199	¥ (49)
Japanese government bonds	28,272	28,229	(43)	29,280	29,213	(67)	1,008	984	(24)
Other than Japanese government bonds	6,236	6,288	52	6,476	6,503	27	240	215	(25)
Equity securities (marketable)	2,007	3,284	1,277	1,919	2,833	914	(88)	(451)	(363)
Total	¥ 36,515	¥ 37,801	¥ 1,286	¥ 37,675	¥ 38,549	¥ 874	¥ 1,160	¥ 748	¥ (412)
Held-to-maturity securities:									
Debt securities:									
Japanese government bonds	¥ 600	¥ 604	¥ 4	¥ 1,201	¥ 1,207	¥ 6	¥ 601	¥ 603	¥ 2
Other than Japanese government bonds	3	3	0	1	1	0	(2)	(2)	0
Total	¥ 603	¥ 607	¥ 4	¥ 1,202	¥ 1,208	¥ 6	¥ 599	¥ 601	¥ 2

Available-for-sale securities increased by ¥748 billion from the end of the previous fiscal year to ¥38,549 billion at March 31, 2011. This increase was due primarily to an increase in medium- to long-term Japanese government bonds with relatively shorter remaining periods to maturity for the purpose of earning interest income, offset in part by a decrease in equity securities due mainly to the decline in Japanese stock prices as of March 31, 2011 compared to March 31, 2010. Held-to-maturity securities increased by ¥599 billion from the end of the previous fiscal year to ¥1,202 billion at March 31, 2011. The increase was due primarily to an increase in Japanese government bonds due to our purchases in the fiscal year ended March 31, 2011. See note 5 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 ¥1,515 billion from the end of the previous fiscal year to ¥1,884 billion at March 31, 2011. The decrease was due to net cash used in investing activities of ¥10,471 billion offset in part by net cash provided by financing activities of ¥8,020 billion and net cash provided by operating activities of ¥952 billion.

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Liabilities

The following table shows our liabilities as of March 31, 2010 and 2011:

	As of March 31, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen)		
Deposits	¥ 86,776	¥ 89,216	¥ 2,440
Debentures	1,518	741	(777)
Due to trust accounts	1,025	629	(396)
Call money and funds purchased	5,786	5,095	(691)
Payables under repurchase agreements	12,076	11,498	(578)
Payables under securities lending transactions	6,825	5,608	(1,217)
Commercial paper	151	202	51
Other short-term borrowings	8,895	14,949	6,054
Trading account liabilities	19,402	16,696	(2,706)
Bank acceptances outstanding	51	74	23
Income taxes payable	18	16	(2)
Deferred tax liabilities	12	13	1
Accrued expenses	208	181	(27)
Long-term debt	8,482	8,953	471
Other liabilities	3,794	4,079	285
Total liabilities	¥ 155,019	¥ 157,950	¥ 2,931

Total liabilities increased by ¥2,931 billion from the end of the previous fiscal year to ¥157,950 billion at March 31, 2011. This increase was due primarily to an increase of ¥3,223 billion in short-term borrowings and an increase of ¥2,440 billion in deposits, offset in part by a decrease of ¥2,706 billion in trading account liabilities, primarily interest rate-related derivative contracts. 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, 2010 and 2011:

	As of March 31, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen)		
Domestic:			
Noninterest-bearing deposits	¥ 11,101	¥ 12,232	¥ 1,131
Interest-bearing deposits	67,137	67,632	495
Total domestic deposits	78,238	79,864	1,626
Foreign:			
Noninterest-bearing deposits	531	581	50
Interest-bearing deposits	8,007	8,771	764
Total foreign deposits	8,538	9,352	814
Total deposits	¥ 86,776	¥ 89,216	¥ 2,440

Deposits increased by ¥2,440 billion from the end of the previous fiscal year to ¥89,216 billion at March 31, 2011. Domestic deposits increased by ¥1,626 billion from March 31, 2010 to ¥79,864 billion at March 31, 2011. Noninterest-bearing deposits, mainly from Japanese companies, increased by ¥1,131 billion as corporations, primarily large corporations, secured their liquidity funds against the potential lack of liquidity as a result of the Great East Japan Earthquake, and interest-bearing deposits, mainly from individuals, increased by ¥495 billion.

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Foreign deposits increased by ¥814 billion from the end of the previous fiscal year to ¥9,352 billion due mainly to an increase in interest-bearing deposits offset in part by the translation impact of the appreciation of the yen.

Debentures

Debentures decreased by ¥777 billion from the end of the previous fiscal year to ¥741 billion at March 31, 2011. 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 benefit from such entitlement originally held by The Industrial Bank of Japan, one of our predecessor banks. While the two banking subsidiaries have this entitlement through March 2012, we have been reducing our reliance on debentures in recent years and are shifting to other sources of financing, including mainly bonds. See Liquidity. As of March 31, 2011, all of the outstanding balance of debentures were issued by Mizuho Bank.

Short-term Borrowings

The following table shows a breakdown of our short-term borrowings as of March 31, 2010 and 2011:

	As of March 31,								
	2010			2011			Increase (decrease)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in billions of yen)								
Due to trust accounts	¥ 1,025	¥	¥ 1,025	¥ 629	¥	¥ 629	¥ (396)	¥	¥ (396)
Call money and funds purchased, and payables under repurchase agreements and securities lending transactions	14,783	9,904	24,687	11,403	10,798	22,201	(3,380)	894	(2,486)
Commercial paper	92	59	151	130	72	202	38	13	51
Other short-term borrowings	8,590	305	8,895	14,817	132	14,949	6,227	(173)	6,054
Total short-term borrowings	¥ 24,490	¥ 10,268	¥ 34,758	¥ 26,979	¥ 11,002	¥ 37,981	¥ 2,489	¥ 734	¥ 3,223

Short-term borrowings increased by ¥3,223 billion from the end of the previous fiscal year to ¥37,981 billion at March 31, 2011. Domestic short-term borrowings increased by ¥2,489 billion due mainly to an increase in other short-term borrowings, primarily short-term borrowings from the central bank, 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, offset in part by decreases in payables under repurchase agreements and securities lending transactions. Foreign short-term borrowings increased by ¥734 billion due mainly to an increase in payables under repurchase agreements offset in part by the translation impact of the appreciation of the yen.

Equity

The following table shows a breakdown of equity as of March 31, 2010 and 2011:

	As of March 31,		Increase
	2010	2011	(decrease)
	(in billions of yen)		
MHFG shareholders equity:			
Preferred stock	¥ 536	¥ 454	¥ (82)
Common stock	4,324	5,164	840
Accumulated deficit	(2,325)	(2,046)	279
Accumulated other comprehensive income, net of tax	436	105	(331)
Treasury stock, at cost	(5)	(3)	2
Total MHFG shareholders equity	2,966	3,674	708
Noncontrolling interests	366	362	(4)

Total equity	¥ 3,332	¥ 4,036	¥ 704

Equity increased by ¥704 billion from the end of the previous fiscal year to ¥4,036 billion due mainly to an increase in common stock and a decrease in accumulated deficit, offset in part by a decrease in accumulated other comprehensive income, net of tax.

Common stock increased by ¥840 billion from the end of the previous fiscal year to ¥5,164 billion at March 31, 2011 primarily as a result of the issuance of new shares of common stock through a global offering in July 2010 and through the conversion of preferred stock. See Overview Capital Improvements.

Accumulated deficit decreased by ¥279 billion from the end of the previous fiscal year to ¥2,046 billion at March 31, 2011. This decrease was due primarily to net income attributable to MHFG shareholders for the fiscal year ended March 31, 2011 of ¥413 billion offset in part by dividend payments of ¥135 billion.

Accumulated other comprehensive income, net of tax decreased by ¥331 billion from the end of the previous fiscal year to ¥105 billion at March 31, 2011 due primarily to a decrease in unrealized net gains on available-for-sale securities of ¥235 billion and an increase in pension liability adjustments of ¥75 billion.

Preferred stock decreased by ¥82 billion from the end of the previous fiscal year to ¥454 billion at March 31, 2011 as a result of the conversion of preferred stock to common stock.

Treasury stock, at cost, decreased by ¥2 billion from ¥5 billion at the end of the previous fiscal year to ¥3 billion at March 31, 2011 due primarily to reissuances from treasury stock related to stock-based compensation.

Noncontrolling interests decreased by ¥4 billion from the end of the previous fiscal year to ¥362 billion at March 31, 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 and debentures increased by ¥1,663 billion, or 1.9%, from the end of the previous fiscal year to ¥89,957 billion as of March 31, 2011. As shown in the following table, our average balance of deposits and debentures combined for the fiscal year ended March 31, 2011 exceeded our average balance of loans for the same period by ¥23,786 billion. We invested the excess portion primarily in marketable securities and other high liquidity assets.

Average balance for the fiscal year ended March 31, 2011 (in billions of yen)			
Loans	¥ 63,584	Deposits	¥ 86,220
		Debentures	1,150

We will no longer be able to issue debentures beginning April 2012 due to applicable regulations. Mizuho Corporate Bank ceased issuing debentures, which were issued mainly to institutional investors, in April 2006 and started to issue senior straight bonds each quarter. We also ceased all new issuances of debentures by Mizuho Bank through its retail branch network in April 2007. The balance of our debentures has been decreasing significantly in recent years as a result.

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,

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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, 2011:

	As of June 30, 2011					
	S&P			Moody s		
	Long-term	Short-term	Fundamental strength	Long-term	Short-term	Financial strength
Mizuho Corporate Bank	A+	A-1	B	Aa3(1)	P-1	D+
Mizuho Bank	A+	A-1	B	Aa3(1)	P-1	D+
Mizuho Trust & Banking	A+	A-1	B	Aa3(1)	P-1	D+

Note:

(1) On May 31, 2011, Moody s took the rating actions of reviewing for possible downgrade the long-term deposit and debt ratings of all Japanese banks, including those of Mizuho Corporate Bank, Mizuho Bank and Mizuho Trust & Banking.

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

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

Capital Adequacy

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

Regulatory Capital Requirements

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

Basel II

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

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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, 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 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 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 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 this special temporary measures.

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 the wake of the recent global financial crisis, in December 2009, the Basel Committee on Banking Supervision issued a package of proposals on measures to strengthen global bank capital. 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 their November Seoul summit. 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. Details, including regarding the calculation method for the capital adequacy ratio under the new capital regulations, have yet to be determined.

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, 2011 being ¥1,919.8 billion and ¥1,992.2 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
- 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

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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	*3.5%*	*4.0%*	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Minimum Tier 1 capital	*4.5%*	*5.5%*	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum total capital	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	*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	*0.0%*	*20.0%*	*40.0%*	*60.0%*	*80.0%*	100.0%	100.0%	100.0%	100.0%	100.0%

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.

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.

The discussions on the additional loss-absorbing capacity beyond Basel III for systemically important financial institutions (SIFIs) are on-going among national regulatory authorities. On July 19, 2011, a package of measures for global SIFIs (G-SIFIs) was issued for consultation, and the final recommendations are scheduled to be delivered to the G20 Leaders summit to be held in November 2011. If we are deemed a SIFI, we may be subject to additional capital requirements.

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, 2010 and 2011 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, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen, except percentages)		
Tier 1 capital	¥ 5,173.4	¥ 6,170.2	¥ 996.7
Tier 2 capital included as qualifying capital	2,725.4	2,103.4	(622.0)
Deductions for total risk-based capital	(240.8)	(362.6)	(121.8)
Total risk-based capital	¥ 7,658.0	¥ 7,910.9	¥ 252.9
Risk-weighted assets	¥ 56,863.2	¥ 51,693.8	¥ (5,169.4)
Tier 1 capital ratio	9.09%	11.93%	2.84%
Required Tier 1 ratio	4.00	4.00	
Capital adequacy ratio	13.46	15.30	1.84
Required capital adequacy ratio	8.00	8.00	

Our capital adequacy ratio as of March 31, 2011 was 15.30%. Our Tier 1 capital ratio as of March 31, 2011 was 11.93%, which significantly improved from March 31, 2010 due to an increase in Tier 1 capital as well as a decrease in our risk-weighted assets. Tier 1 capital increased as a result of the issuance of common stock in July 2010 and an increase in retained earnings as a result of recording net income for the fiscal year ended March 31, 2011. Risk-weighted assets decreased by ¥5,169.4 billion to ¥51,693.8 billion as of the end of the fiscal year ended March 31, 2011 due mainly to a decrease in the balance of loans to large Japanese corporations. We believe that we were in compliance with all capital adequacy requirements to which we were subject as of March 31, 2011.

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Capital

The following table shows a breakdown of our total risk-based capital as of March 31, 2010 and 2011:

	As of March 31, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen)		
Tier 1 capital:			
Common stock and preferred stock	¥ 1,805.5	¥ 2,181.3	¥ 375.8
Capital surplus	552.1	937.6	385.5
Retained earnings	854.6	1,132.3	277.6
Minority interest in consolidated subsidiaries	2,289.0	2,269.6	(19.4)
Treasury stock	(5.1)	(3.1)	1.9
Dividends, etc	(134.9)	(140.0)	(5.1)
Unrealized losses on other securities		(7.0)	(7.0)
Foreign currency translation adjustments	(92.6)	(103.9)	(11.2)
Other	(95.1)	(96.5)	(1.3)
Total Tier 1 capital	¥ 5,173.4	¥ 6,170.2	¥ 996.7
Tier 2 capital:			
45% of unrealized gains on other securities	¥ 122.6		¥ (122.6)
45% of revaluation reserve for land	106.7	106.2	(0.5)
General reserve for possible losses on loans, etc	5.4	4.9	(0.5)
Debt capital, etc	2,490.5	1,992.2	(498.3)
Total Tier 2 capital	2,725.4	2,103.4	(622.0)
Tier 2 capital included as qualifying capital	2,725.4	2,103.4	(622.0)
Deductions for total risk-based capital	(240.8)	(362.6)	(121.8)
Total risk-based capital	¥ 7,658.0	¥ 7,910.9	¥ 252.9

Our Tier 1 capital increased by ¥996.7 billion from ¥5,173.4 billion as of March 31, 2010 to ¥6,170.2 billion as of March 31, 2011. This increase was due mainly to the issuance of common stock of ¥751.6 billion in July 2010, and an increase in retained earnings as a result of recording net income of ¥413.2 billion for the fiscal year ended March 31, 2011.

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, 2011, the amount of minority interest in consolidated subsidiaries within our Tier 1 capital that was attributable to such non-dilutive preferred securities was ¥1,919.8 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, 2011 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.

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Initial optional redemption date	Amount of non-dilutive preferred securities included within Tier 1 capital (in billions of yen)
June 2011	¥ 58.7[(1)]
June 2012	171.0
June 2014	210.1[(2)]
June 2015	452.5
June 2016	449.8[(3)]
June 2018	274.5
June 2019	303.0

Notes:

(1) In June 2011, we redeemed all ¥58.7 billion of such non-dilutive preferred securities, denominated in euros (500.0 million).

(2) Denominated in yen (¥139.5 billion) and dollars ($850.0 million).

(3) Denominated in yen (¥400.0 billion) and dollars ($600.0 million).

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

	As of March 31,				
	2007	2008	2009	2010	2011
	(in billions of yen, except percentages)				
Preferred stock	¥ 980.4	¥ 980.4	¥ 948.6[(1)]	¥ 535.9[(1)]	¥ 453.5[(1)(2)]
Non-dilutive preferred securities	1,504.9	1,539.7	1,886.8	1,937.8	1,919.8
Percentage within Tier 1 capital	50.3%	51.6%	75.3%	47.8%	38.4%

Notes:

(1) Excludes treasury stock.

(2) During the period from April 1, 2011 to June 30, 2011, holders of our eleventh series class XI preferred stock converted 1,650,200 shares (or ¥1.6 billion) by requesting us to acquire the preferred stock and issue common stock to them.

Our Tier 2 capital included as qualifying capital as of March 31, 2011 was ¥2,103.4 billion, a decrease of ¥622.0 billion compared to March 31, 2010. The decrease was due mainly to the decrease in debt capital and the absence of 45% of unrealized gains on other securities.

As a result of the above, together with deductions of ¥362.6 billion, total risk-based capital as of March 31, 2011 was ¥7,910.9 billion, an increase of ¥252.9 billion compared to March 31, 2010.

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 represents capital items within Tier 1 capital with a stronger capability to absorb losses. Prime capital is calculated as Tier 1 capital less the sum of the preferred securities and preferred stock (excluding mandatory convertible preferred stock), and prime capital ratio is the ratio of prime capital against risk-weighted assets.

Prime capital 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.

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The following table shows a breakdown of our capital items as of March 31, 2010 and 2011:

	As of March 31, 2010	As of March 31, 2011
	(in billions of yen, except percentages)	
Tier 1 capital (i)	¥ 5,173.4	¥ 6,170.2
Preferred stock (ii)	535.9	453.5
Mandatory convertible preferred stock (iii)	499.2	416.8
Preferred securities (iv)	1,937.8	1,919.8
Prime capital (i) - (ii) + (iii) - (iv)	3,198.9	4,213.6
Risk-weighted assets	56,863.2	51,693.8
Tier 1 capital ratio	9.09%	11.93%
Prime capital ratio	5.62%	8.15%

Risk-weighted Assets

The following table shows a breakdown of our risk-weighted assets as of March 31, 2010 and 2011:

	As of March 31, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen)		
Risk-weighted assets:			
On-balance-sheet items	¥ 42,796.2	¥ 38,958.0	¥ (3,838.2)
Off-balance-sheet items	9,112.4	8,039.0	(1,073.3)
Credit risk assets	51,908.7	46,997.1	(4,911.6)
Market risk equivalent assets	1,297.9	1,389.2	91.2
Operational risk equivalent assets	3,656.5	3,307.4	(349.0)
Adjusted floor amount			
Total	¥ 56,863.2	¥ 51,693.8	¥ (5,169.4)

Risk-weighted assets as of March 31, 2011 were ¥51,693.8 billion, representing a decrease of ¥5,169.4 billion compared to March 31, 2010. Credit risk assets decreased by ¥4,911.6 billion to ¥46,997.1 billion due mainly to a decrease in balance of loans to large Japanese corporations. Market risk equivalent assets increased by ¥91.2 billion to ¥1,389.2 billion. Operational risk equivalent assets decreased by ¥349.0 billion to ¥3,307.4 billion due mainly to the sophistication of the measurement models used by some of our subsidiaries.

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Principal Banking Subsidiaries

Capital adequacy ratios of our principal banking subsidiaries, on a consolidated basis, as of March 31, 2010 and 2011, 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,		
	2010	2011	Increase
Mizuho Corporate Bank			
BIS standard:			
Tier 1 capital ratio	12.57%	16.10%	3.53%
Capital adequacy ratio	16.00	18.80	2.80
Mizuho Bank[(1)]			
Domestic standard:			
Tier 1 capital ratio	7.74	10.38	2.64
Capital adequacy ratio	12.88	14.91	2.03
BIS standard:			
Tier 1 capital ratio	7.69	10.10	2.41
Capital adequacy ratio	12.83	14.60	1.77
Mizuho Trust & Banking			
BIS standard:			
Tier 1 capital ratio	10.07	12.11	2.04
Capital adequacy ratio	15.73	16.34	0.61

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, 2011.

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. On May 19, 2010, certain amendments to the Financial Instruments and Exchange Law were promulgated, including introduction of a minimum capital adequacy regulation on a consolidated basis applicable to securities firms whose total assets exceed certain threshold. The amendments relevant to such regulation became effective on April 1, 2011. We believe, as of March 31, 2011, that our securities subsidiaries in Japan are in compliance with all capital adequacy requirements to which they are subject.

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Off-balance-sheet Arrangements

We engage in various types of off-balance-sheet arrangements in the ordinary course of our business to meet the financing needs of our customers. These arrangements include various guarantees and commitments. The following tables show the contractual or notional amounts of our guarantees and undrawn commitments as of March 31, 2010 and 2011:

	As of March 31, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen)		
Guarantees:			
Performance guarantees	¥ 1,579	¥ 1,580	¥ 1
Guarantees on loans	739	539	(200)
Guarantees on securities	16	10	(6)
Other guarantees	867	872	5
Guarantees for the repayment of trust principal	932	249	(683)
Liabilities of trust accounts	8,529	8,144	(385)
Derivative financial instruments	43,074	30,567	(12,507)

	As of March 31, 2010	As of March 31, 2011	Increase (decrease)
	(in billions of yen)		
Commitments:			
Commitments to extend credit	¥ 48,778	¥ 50,436	¥ 1,658
Commercial letters of credit	392	465	73
Total commitments	¥ 49,170	¥ 50,901	¥ 1,731

See note 25 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. 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 cost-effective financing. The variable interest entities used in the programs purchase 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 assets. While customers normally continue to service the transferred receivables, we underwrite, distribute and make a market in commercial paper issued by the variable interest entities. We typically provide program-wide liquidity and credit support facilities and, in some instances,

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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 various off-balance-sheet financing needs. In substantially all of these structured financing transactions, the transfer of the 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, from time to time we establish 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 needs. We also arrange securitization transactions including commercial mortgage-backed securities and residential mortgage-backed securities mainly in Japan and others. In these transactions, we act as an underwriter, placement agent, asset manager, derivatives counterparty and/or investor for 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 current income or capital appreciations, which all utilize entities that are deemed variable interest entities.

By design, such investments were investment grade at issuance and held by a diverse group of investors. The loss amount of securities and loans is generally limited to the amount invested because we have no contractual involvement in such variable interest entities beyond our investments. Since we are involved in those variable interest entities only as an investor, we do not ordinarily have the power to direct the variable interest entities activities that most significantly impact the variable interest entities economic performance. However,

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we consolidated some variable interest entities, mostly 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 that invest in equity and debt securities such as listed Japanese securities and investment grade bonds. Investment advisory companies or fund management companies, including our subsidiaries and affiliates, administer and make the investment decisions with respect to 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, 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

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 high-grade marketable securities such as Japanese government bonds and placing cash with our subsidiary trust banks to maintain liquidity and for cash management purposes. 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 to ourselves, as we have determined that we have no variable interests.

Significant Unconsolidated Variable interest entities

The tables below summarize our involvement in significant unconsolidated variable interest entities as of March 31, 2010 and 2011:

	Significant unconsolidated variable interest entities	
As of March 31, 2010	**Total assets**	**Maximum exposure to loss**
	(in billions of yen)	
Asset-backed commercial paper/loan programs	¥	¥
Asset-backed securitizations	1,253	40
Investments in securitization products		
Investment funds	2,778	401
Trust arrangements and other	932	381
Total	¥ 4,963	¥ 822

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

Asset-backed commercial paper/loan programs include multi-seller programs managed by us, under which the related conduits 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 conduits for multi-seller programs is generally more significant than other types of conduits in terms of liquidity support and credit enhancement obligations. All of the conduits 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, 2011.

Other Types of Off-balance-sheet Arrangements

See note 27 to our consolidated financial statements included elsewhere in this annual report for further descriptions of variable interest entities and securitizations.

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, 2011:

	Due in one year or less	Due from one year to two years	Due from two years to three years	Due from three years to four years	Due from four years to five years	Due after five years	Total
				(in billions of yen)			
Time deposits	¥ 29,733	¥ 1,895	¥ 1,332	¥ 247	¥ 270	¥ 128	¥ 33,605
Certificates of deposit	9,650	0					9,650
Debentures	150	120	138	157	176		741
Long-term debt	962	872	749	1,091	1,092	4,187	8,953
Operating leases	35	30	27	10	6	17	125
Total	¥ 40,530	¥ 2,917	¥ 2,246	¥ 1,505	¥ 1,544	¥ 4,332	¥ 53,074

Recent Accounting Pronouncements

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 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

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in ASC 946 as well, to delay the effective date of SOP No.07-1 indefinitely in order to address implementation issues. We do not expect that the current form of the statement will have a material impact on our 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. Early adoption is not permitted. We do not expect that the adoption of ASU No.2010-28 will have a material impact on our 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. Early adoption is permitted. ASU No.2010-29 is an accounting principle which clarifies disclosure requirements, and has no impact on our consolidated results of operations or financial condition.

In April 2011, the FASB issued ASU No.2011-02, Receivables (Topic 310) A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring (ASU No.2011-02), which sets the effective date of certain disclosure requirements which was deferred by ASU No.2011-01. ASU No.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. The ASU is effective for the first interim or annual period beginning on or after June 15, 2011, and should be applied retrospectively to the beginning of the annual period of adoption. We do not expect that the adoption of ASU No.2011-02 will have a material impact on our 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. We do not expect that the adoption of ASU No.2011-03 will have a material impact on our 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. We are currently evaluating the potential impact that the adoption of ASU No.2011-04 will have on our consolidated results of operations and 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. ASU No.2011-05 is an accounting principle which alters disclosure requirements, and had no impact on our consolidated results of operations or financial condition.

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, 2011	
	Total MHFG shareholders equity	Net income attributable to MHFG shareholders
	(in billions of yen)	
U.S. GAAP	¥ 3,673.5	¥ 412.7
Differences arising from different accounting for:		
1. Derivative financial instruments and hedging activities	(1.1)	28.9
2. Investments	71.0	19.4
3. Loans	128.0	2.7
4. Allowances for loan losses and off-balance-sheet instruments	95.5	(2.3)
5. Premises and equipment	(34.6)	0.0
6. Real estate sales and leasebacks	30.9	(13.2)
7. Land revaluation	177.0	(0.7)
8. Business combinations	(43.9)	9.4
9. Noninterest-earning deposits made under government-led restructuring program	27.7	(11.6)
10. Pension liabilities	502.0	(62.8)
11. Consolidation of variable interest entities	30.4	(10.8)
12. Deferred taxes	(352.5)	49.7
13. Other	28.0	(8.2)
Japanese GAAP	¥ 4,331.9	¥ 413.2

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

1. Derivative financial instruments and hedging activities

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

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

2. Investments

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

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

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

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

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

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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 which are aggregated for the purpose of measuring impairment, pools of smaller balance homogeneous loans and other non-homogeneous loans that have not been identified as impaired, the allowance for loan losses is determined based on a formula allowance utilizing historical loss factors, as adjusted, considering recent trends.

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

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

5. Premises and equipment

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

6. Real estate sales and leasebacks

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

7. Land revaluation

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

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8. Business combinations

U.S. GAAP and Japanese GAAP differ with regard to accounting for business combinations, primarily in accounting for goodwill. 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.

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 22 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 27 to our consolidated financial statements included elsewhere in this annual report for further discussion.

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.

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

13. Other

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

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ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

Directors and Corporate Auditors

The following table provides information regarding our directors and corporate auditors as of June 30, 2011:

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 2012
	President & CEO of Mizuho Bank, Ltd.	Mar. 2003	Managing Executive Officer/Head of Risk Management Group, Head of Human Resources Group and General Manager of Post-retirement Counseling of Mizuho Financial Group, Inc.	
		Feb. 2004	Managing Executive Officer/Head of Risk Management Group and Head of Human Resources Group	
		Apr. 2004	Managing Executive Officer/Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd.	
		Mar. 2006	Managing Director/Chief Strategy Officer and Chief Financial Officer	
		Apr. 2007	Deputy President	
		Apr. 2008	Deputy President-Executive Officer/Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.	
		Apr. 2008	President & CEO of Mizuho Financial Strategy Co., Ltd. (until Apr. 2009)	

June 2008	Deputy President/Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.
Apr. 2009	President & CEO/Head of Human Resources Group
Apr. 2010	President & CEO

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		June 2011	President & CEO of Mizuho Bank, Ltd. (current)	
		June 2011	Chairman of Mizuho Financial Group, Inc. (current)	
Yasuhiro Sato (Apr. 15, 1952)	President & CEO (Group CEO) (since June 2011) (Representative Director)	Mar. 2003	Executive Officer/Senior Corporate Officer of International Banking Unit of Mizuho Corporate Bank, Ltd.	June 2013
		Apr. 2004	Managing Executive Officer	
	President & CEO of Mizuho Corporate Bank, Ltd.	Mar. 2006	Managing Director/Head of Corporate Banking Unit	
	Director of Mizuho Bank, Ltd.	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)	Mar. 2006	General Manager of Human Resources Division of Mizuho Bank, Ltd.	June 2013
	Head of Human Resources Group	Apr. 2008	Executive Officer/General Manager of Nagoya-chuo Corporate Banking Department of Nagoya-chuo Branch	

Chief Human Resources Officer	Apr. 2010	Managing Executive Officer/Chief Risk Officer and Chief Human Resources Officer of Mizuho Corporate Bank, Ltd.
Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2011	Managing Director/Chief Risk Officer and Chief Human Resources Officer
Managing Executive Officer of Mizuho Corporate Bank, Ltd.	June 2011	Managing Executive Officer/Chief Human Resources Officer (current)
	June 2011	Managing Executive Officer/In charge of Human Resources Group of Mizuho Bank, Ltd. (current)
	June 2011	Deputy President/Head of Human Resources Group of Mizuho Financial Group, Inc. (current)

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
Mitsuaki Tsuchiya (May 1, 1954)	Deputy President (since June 2011)	Apr. 2004	Executive Officer/General Manager of Executive Secretariat of Mizuho Corporate Bank, Ltd.	June 2013
	Head of Internal Audit Group	Mar. 2006	Managing Executive Officer	
	Chief Auditor	Apr. 2008	Deputy President-Executive Officer of Mizuho Trust & Banking Co., Ltd.	
		June 2008	Deputy President	
		Apr. 2011	Director (until June 2011)	
		Apr. 2011	Deputy President-Executive Officer/Head of Internal Audit Group of Mizuho Financial Group, Inc.	
		June 2011	Deputy President /Head of Internal Audit Group (current)	
Masaaki Kono (Feb. 24, 1957)	Managing Director (since June 2011)	Mar. 2006	Executive Officer/General Manager of Corporate Banking Division No.8 of Mizuho Corporate Bank, Ltd.	June 2013
	Head of Risk Management Group	Apr. 2008	Managing Executive Officer	
	Head of Compliance Group	Apr. 2011	Managing Executive Officer/Head of Risk Management Group, Head of Human Resources Group and Head of Compliance Group of Mizuho Financial Group, Inc.	
	Chief Risk Officer	June 2011	Managing Director/Head of Risk Management Group and Head of Compliance Group (current)	
	Chief Compliance Officer			

Takeo Nakano (June 28, 1956)	Managing Director (since June 2010)	Apr. 2004	Senior Corporate Officer of Financial Control & Accounting Group of Mizuho Corporate Bank, Ltd.	June 2012
	Head of Financial Control and Accounting Group	Apr. 2007	Executive Officer/General Manager of Kobunacho Branch of Mizuho Bank, Ltd.	
	In charge of IT, Systems & Operations Group			
	Chief Financial Officer	Apr. 2009	Managing Executive Officer/Head of Risk Management Group, Head of Compliance Group and In charge of Financial Control and Accounting Group of Mizuho Financial Group, Inc.	

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		Apr. 2010	Managing Executive Officer/Head of Financial Control and Accounting Group	
		Apr. 2010	President & CEO of Mizuho Financial Strategy Co., Ltd. (current)	
		June 2010	Managing Director/Head of Financial Control and Accounting Group	
		Apr. 2011	Managing Director/Head of Financial Control and Accounting Group and In charge of IT, Systems & Operations Group (current)	
Akihiko Nomiyama(1)(3) (June 15, 1934)	Director (since June 2007)	Apr. 1957	Joined Nippon Mining Co., Ltd.	June 2013
		June 1984	Director	
	Honorary Executive Consultant of JX Holdings, Inc.	June 1989	Managing Director	
		Dec. 1992	Managing Director of Nikko Kyodo Co., Ltd.	
		Dec. 1993	Managing Director of Japan Energy Corporation	
		June 1994	Senior Managing Director	
		June 1996	President and CEO (Representative Director)	
		June 2000	Chairman, President and CEO (Representative Director)	

Apr. 2002	Chairman and CEO (Representative Director)
Sep. 2002	President and CEO (Representative Director) of NIPPON MINING HOLDINGS, INC.
June 2003	Chairman (Representative Director)
June 2006	Special Advisor (until June 2010)
June 2007	Director of Mizuho Financial Group, Inc. (current)
July 2010	Honorary Executive Consultant of JX Holdings, Inc. (current)

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Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
Mitsuo Ohashi[1][3] (Jan. 18, 1936)	Director (since June 2005) Senior Advisor of Showa Denko K.K.	Mar. 1959	Joined Mitsui Bank, Ltd.	June 2013
		Dec. 1961	Joined Showa Denko K.K.	
		May 1988	General Manager of Corporate Planning Division	
		Mar. 1989	Director/General Manager of Corporate Planning Division	
		Mar. 1993	Managing Director	
		Mar. 1995	Senior Managing Director	
		Mar. 1997	President and Chief Executive Officer	
		Jan. 2005	Representative Director and Chairman of the Board of Directors	
		June 2005	Director of Mizuho Financial Group, Inc. (current)	
		Mar. 2007	Director and Chairman of the Board of Directors of Showa Denko K.K.	
		Mar. 2010	Senior Advisor (current)	
Kanemitsu Anraku[1][3] (Apr. 21, 1941)	Director (since June 2007)	Apr. 1964	Joined Nissan Motor Co., Ltd.	June 2013
		June 1993	Director	
		June 1997	Managing Director	

May 1999	Executive Vice President (Representative Director)
Apr. 2000	Vice Chairman (member of the board of directors)
June 2000	Vice Chairman
Apr. 2002	President (Representative Director) of Nissan Real Estate Development Corporation
June 2005	Counselor
July 2006	Counselor of Nissan Network Holdings Co., Ltd. (until June 2007)
June 2007	Director of Mizuho Financial Group, Inc. (current)

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
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	
		Apr. 2008	Executive Officer/General Manager of Corporate Banking Planning Division	
		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)	
Toshinari Iyoda (Mar. 31, 1954)	Corporate Auditor (since June 2011)	Apr. 2005	Managing Director/Head of Advisory Group No.1 of Mizuho Securities Co., Ltd.	June 2015
		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

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Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director or corporate auditor
		Apr. 2011	Advisor	
		June 2011	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
Masahiro Seki(2)(3) (Sep. 11, 1934)	Corporate Auditor (since June 2006)	Apr. 1959	Joined Deloitte Haskins & Sells, Tokyo Office	June 2014
		June 1987	General Representative	
		Feb. 1990	Senior Managing Director of International Affairs of Deloitte Touche Tohmatsu	
		June 1997	Senior Researcher of the Japanese Institute of Certified Public Accountants	
		Oct. 2000	Visiting Professor of Graduate School of International University of Japan	
		Apr. 2001	Professor of Graduate School (until Mar. 2004)	
		June 2002	President of the non-profit organization, Japanese Institute of International Accounting Education (until June 2006)	
		Apr. 2004	Established Seki Certified Public Accountants	
		June 2006	Senior Advisor of the non-profit organization, Japanese Institute of International Accounting Education (current)	
		June 2006	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
Masami Ishizaka(2)(3) (Dec. 5, 1939)	Corporate Auditor (since June 2008)	Apr. 1963	Joined Ministry of Finance	June 2012

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
July 1996	Vice Chairman of Automobile Insurance Rating Organization of Japan
July 1998	Executive Vice President of Japan National Oil Corporation

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Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director or corporate auditor
		Mar. 2004	Advisor	
		July 2004	Vice Chairman of The General Insurance Association of Japan	
		Sep. 2007	Chairman of Okura Zaimu Kyokai (current)	
		June 2008	Corporate Auditor of Mizuho Financial Group, Inc. (current)	
Isao Imai[(2)(3)] (Dec. 26, 1939)	Corporate Auditor (since June 2011)	Apr. 1964	Assistant Judge of the Tokyo District Court	June 2015
	Corporate Auditor of Mizuho Corporate Bank, Ltd.	Feb. 2002	President of the Sendai High Court	
		Nov. 2002	President of the Tokyo High Court	
		Dec. 2004	Justice of the Supreme Court	
		Dec. 2009	Resigned from judge	
		Apr. 2010	Registered as attorney at law (Daiichi Tokyo Bar Association)	
		Apr. 2010	Counsel of TMI Associates (current)	
		June 2011	Corporate Auditor of Mizuho Corporate Bank, Ltd. (current)	
		June 2011		

Corporate Auditor of Mizuho Financial Group, Inc. (current)

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, Ohashi, Anraku, Seki, Ishizaka and Imai were notified to stock exchanges in Japan as independent director/auditor, as the case may be, pursuant to the regulations of stock exchanges in Japan.

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Executive Officers

The following table provides information about our executive officers as of June 30, 2011, other than information regarding those that are also directors and listed above:

Name (date of birth)	Current positions and principal outside positions		Business experience
Daisaku Abe (June 20, 1957)	Managing Executive Officer (since Apr. 2009)	Mar. 2006	General Manager of Executive Secretariat of Mizuho Corporate Bank, Ltd.
	Head of Strategic Planning Group	Apr. 2007	Executive Officer/General Manager of Executive Secretariat
	Head of IT, Systems & Operations Group	Apr. 2009	Managing Executive Officer/Head of Strategic Planning Group, Head of IT, Systems & Operations Group and General Manager of Group Strategic Planning of Mizuho Financial Group, Inc.
	Chief Strategy Officer	Apr. 2011	Managing Executive Officer/Head of Strategic Planning Group and Head of IT, Systems & Operations Group (current)
	Chief Information Officer		
Akira Moriwaki (Apr. 16, 1956)	Managing Executive Officer (since Apr. 2011)	Mar. 2006	General Manager for Corporate Planning Department of Mizuho Trust & Banking Co., Ltd. (Trust & Custody Services Bank, Ltd.)
	In charge of Asset Management Planning Office	Oct. 2006	General Manager for Corporate Planning Department
	Managing Executive Officer of Mizuho Trust & Banking Co., Ltd.	Apr. 2007	General Manager of Corporate Planning Department
		Apr. 2008	Executive Officer/General Manager of Corporate Planning Department
		Apr. 2009	Managing Executive Officer (current)
		Apr. 2011	Managing Executive Officer/ In charge of Asset Management Planning Office of Mizuho

			Financial Group, Inc. (current)
Masakane Koike (July 9, 1959)	Executive Officer (since Apr. 2009) General Manager of Financial Planning	July 2003	Corporate Officer of Financial Control & Accounting Group and Deputy General Manager of Accounting Division of Mizuho Corporate Bank, Ltd.
		Apr. 2007	General Manager of Credit Coordination Division
		Apr. 2008	General Manager of Financial Planning of Mizuho Financial Group, Inc.
		Apr. 2009	Executive Officer/General Manager of Financial Planning (current)

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Name (date of birth)	Current positions and principal outside positions		Business experience
Shusaku Tsuhara (Jan. 6, 1960)	Executive Officer (since Apr. 2010)	Apr. 2005	General Manager of Branch Banking Unit VI of Branch Banking Division of Mizuho Bank, Ltd.
	General Manager of Executive Secretariat	Apr. 2007	General Manager of Kudan Branch
		Feb. 2009	General Manager for Executive Secretariat of Mizuho Financial Group, Inc.
		Apr. 2009	General Manager of Executive Secretariat
		Apr. 2010	Executive Officer/General Manager of Executive Secretariat (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	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.
		Apr. 2011	Executive Officer/General Manager of Corporate Planning (current)
		June 2011	Executive Officer/General Manager of Corporate Planning Division and Head of Business Process Re-engineering Office of Mizuho Bank, Ltd. (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, 2011 was ¥473 million and ¥79 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, 2011.

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.

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, 2011.

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, 2011.

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, 2011.

6.C. Board Practices

Pursuant to our articles of incorporation, we maintain a corporate governance system consisting of general meetings of shareholders, individual directors, board of directors, individual corporate auditors, board of corporate auditors and an accounting auditor as its primary components.

Our board of directors has the ultimate responsibility for the administration of our affairs. Our articles of incorporation provide for a board of directors consisting of not more than 15 members, in order to facilitate efficient and responsive decision making, and provide for not more than six corporate auditors. All directors and corporate auditors are appointed by our shareholders at general meetings. The normal term of office is two years for directors and four years for corporate auditors after their respective appointment, but directors and corporate auditors may serve any number of consecutive terms. Our board of directors designates, from among its members, representative directors and appoints a president. Our board of directors may also appoint a chairman, a deputy chairman, deputy presidents, senior managing directors and managing directors. Each representative director has the authority to represent us in the conduct of our affairs.

While one of our corporate auditors is a certified public accountant, our corporate auditors are not required to be certified public accountants. None of the corporate auditors may at the same time be directors, accounting participants, executive officers, or managers or employees of the company or any of its subsidiaries and at least one-half of them must be persons who have not been directors, accounting participants, executive officers or any other employees of us or any of our subsidiaries at any time prior to their appointment as corporate auditors. Each corporate auditor has a statutory duty to audit the directors performance of their duties and to audit the accounting records and the business reports submitted by the directors to general meetings of shareholders. Corporate auditors shall attend each meeting of the board of directors and, when necessary, state their opinion at the meeting, but are not entitled to vote.

The board of corporate auditors is composed of all corporate auditors. The board of corporate auditors has a statutory duty to prepare and submit an audit report to the directors each year. If any corporate auditor has an opinion that is different from the opinion of the board of corporate auditors, such opinion shall also be described in the audit report. The board of corporate auditors shall determine policies regarding audits, the method of investigation by the corporate auditors into the status of corporate affairs and financial position and other matters relating to the performance of the corporate auditors duties, provided, however, that a resolution of the board of corporate auditors may not prevent any corporate auditor from exercising his or her own power.

None of our directors or corporate auditors has service contracts with us providing for benefits upon termination of service.

Our articles of incorporation, in accordance with the Company Law, allow us to enter into an agreement with outside directors and outside corporate auditors that limits their liabilities incurred in connection with their service. The limitation of the liabilities under such agreement must be the higher of either (i) a pre-determined amount not less than ¥20 million or (ii) the amount prescribed in laws and regulations, which is currently equivalent to two times the annual compensation to such outside director or outside corporate auditor. Pursuant to the provisions, we have entered into such agreements with all of our outside directors and outside corporate auditors that were in office at any time after June 2006.

Based on the rules of the Tokyo Stock Exchange and the Osaka Securities Exchange, companies listed on those stock exchanges are required to have at least one member of the board of directors or the board of corporate auditors to be independent. Currently, three 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.

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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.

6.D. Employees

As of March 31, 2009, 2010 and 2011, we had 50,191, 57,014 and 56,770 employees, respectively, on a consolidated basis, including overseas local staff but excluding advisers and temporary employees. We also had an average of approximately 19,004 temporary employees during the fiscal year ended March 31, 2011.

The following tables show our full-time employees as of March 31, 2011 and the average number of temporary employees for the fiscal year ended March 31, 2011, each broken down based on business segment and geographical location:

Business Segment	Number of full-time employees	Average number of temporary employees
Global Corporate Group	18,574	2,413
Global Retail Group	27,595	15,674
Global Asset & Wealth Management Group	5,565	536
Others	5,036	381
Total	56,770	19,004

Location	Percentage of full-time employees	Average percentage of temporary employees
Japan	94.2%	99.9%
Americas	1.4	0.0
Europe	1.2	0.0
Asia/Oceania (excluding Japan) and others	3.2	0.1
Total	100.0%	100.0%

Most of our full-time non-management employees in Japan are members of a labor union. Outside Japan, some of our employees are members of local unions. We consider our labor relations with employees to be good.

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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, 2011:

Directors	Number of shares owned
Takashi Tsukamoto	113,940
Yasuhiro Sato	23,280
Junichi Nishizawa	176,900
Mitsuaki Tsuchiya	11,850
Masaaki Kono	233,100
Takeo Nakano	130,200
Akihiko Nomiyama	15,100
Mitsuo Ohashi	
Kanemitsu Anraku	7,000

Corporate Auditors	Number of shares owned
Yoshinobu Shigeji	183,600
Toshinari Iyoda	10,310
Masahiro Seki	1,000
Masami Ishizaka	41,900
Isao Imai	

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, 2011:

	As of March 31, 2011	
Plan	Employer companies	Number of shares owned
Mizuho Employee Stock Ownership Plan	Mizuho Financial Group	
	Mizuho Bank	
	Mizuho Corporate Bank	
	Mizuho Asset Management	
	Mizuho Research Institute	
	Mizuho Information & Research Institute	68,517,570
Total		68,517,570

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

Common Stock

The following table sets forth information about the ten largest holders of shares of our common stock appearing on the register of shareholders as of March 31, 2011:

Name	As of March 31, 2011 Number of shares owned	Percentage of outstanding shares
Japan Trustee Services Bank, Ltd. (trustee account)	1,236,571,300	5.68%
The Master Trust Bank of Japan, Ltd. (trustee account)	910,246,900	4.18
SSBT OD05 Omnibus Account - Treaty Clients	459,269,367	2.11
Barclays Capital Japan Limited	329,168,100	1.51
Japan Trustee Services Bank, Ltd. (trustee account 9)	324,607,200	1.49
Japan Trustee Services Bank, Ltd. (trustee account 4)	272,717,000	1.25
State Street Bank And Trust Company	231,594,971	1.06
The Dai-ichi Life Insurance Company, Limited	209,950,000	0.96
State Street Bank - West Pension Fund Clients - Exempt	185,953,565	0.85
Japan Trustee Services Bank, Ltd. (trustee account 1)	175,818,100	0.81
Total	4,335,896,503	19.91%

As of March 31, 2011, there were 178 record holders of our common stock with addresses in the United States, whose shareholdings represented approximately 9% 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.

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Preferred Stock

Classes of preferred stock with shares outstanding as of March 31, 2011 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, 2011, as appearing on the register of preferred shareholders:

Eleventh Series Class XI Preferred Stock

	As of March 31, 2011	
Name	Number of shares owned	Percentage of outstanding shares
UBS AG London A/C Ipb Segregated Client Account	20,625,000	4.95%
Marubeni Corporation	14,500,000	3.48
Shimizu Corporation	10,000,000	2.40
Electric Power Development Co., Ltd.	10,000,000	2.40
The Tokyo Electric Power Company, Incorporated	10,000,000	2.40
Nippon Express Co., Ltd.	10,000,000	2.40
JFE Steel Corporation	6,000,000	1.44
Nippon Steel Corporation	6,000,000	1.44
All Nippon Airways Co., Ltd.	6,000,000	1.44
Daiichi Sankyo Company, Limited	6,000,000	1.44
Total	99,125,000	23.78%

Thirteenth Series Class XIII Preferred Stock

	As of March 31, 2011	
Name	Number of shares owned	Percentage of outstanding shares
Nippon Oil Finance (Netherlands) B.V.	6,000,000	16.35%
Shiseido Company, Limited	5,000,000	13.63
Sharp Finance Corporation	5,000,000	13.63
Sharp International Finance (U.K.) Plc	5,000,000	13.63
Nissin Foods Holdings Co., Ltd.	3,000,000	8.18
Obayashi Corporation	2,000,000	5.45
Yanmar Co., Ltd.	2,000,000	5.45
KOSE Corporation	1,000,000	2.73
Fuji Media Holdings, Inc.	1,000,000	2.73
Kurabo Industries Ltd.	500,000	1.36
Total	30,500,000	83.13%

As of March 31, 2011, 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.

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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, 2011, such transactions included, but were not limited to, call money, loans, deposits, guarantees and foreign exchange transactions, those transactions were immaterial and were made at prevailing market rates, terms and conditions and do not involve more than the normal risk of collectibility or present other unfavorable features.

During the fiscal year ended March 31, 2011, 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, 2011.

During the fiscal year ended March 31, 2011, no loans were made to our directors or executive officers or corporate auditors other than in the normal course of business, on normal commercial terms and conditions.

7.C. Interests of Experts and Counsel

Not applicable.

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ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

Financial Statements

Our consolidated financial statements are set forth in this annual report under Item 18. Financial Statements.

Legal Proceedings

We are involved in normal collection proceedings initiated by us and other legal proceedings in the ordinary course of our business.

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 disputes 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 lawsuits brought by the obligors under the bonds in Indonesia. Our consolidated financial statements do not include a reserve in relation to these disputes 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.

Dividend Policy

We have pursued strengthening of stable capital base and steady returns to shareholders as our disciplined capital management, and have been putting more priority on strengthening of stable capital base, considering global discussions about capital adequacy and the uncertainty of economic and market trends.

Based on the above policy, we paid cash dividends for the fiscal year ended March 31, 2011 of ¥6 per share of common stock. With respect to each class of preferred stock, we made dividend payments for the fiscal year ended March 31, 2011 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, commencing from the fiscal year ending March 31, 2012 to return profits to shareholders in a more 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 funds for strengthening our financial condition and to the development of our business going forward.

8.B. Significant Changes

Except as disclosed in note 34 to our consolidated financial statements, no significant change in our financial position has occurred since the date of the financial statements included in this annual report.

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ITEM 9. THE OFFER AND LISTING

9.A. Listing Details

Market Price Information for Our American Depositary Shares

Our ADSs are listed on the New York Stock Exchange.

The following table sets forth, for the periods indicated, the high and low trading prices and average daily trading volume on the New York Stock Exchange for our ADSs since their listing on November 8, 2006:

Fiscal years ended/ending March 31,	Price per ADS High	Price per ADS Low	Average daily trading volume (shares)
2007 (from November 8, 2006)	$ 15.35	$ 12.74	46,049
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
2010:			
First quarter	5.70	3.72	400,287
Second quarter	5.02	3.76	585,357
Third quarter	4.26	3.33	557,715
Fourth quarter	4.32	3.56	537,550
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
Most recent six months:			
January	4.21	3.76	887,050
February	4.27	3.85	712,919
March	4.23	3.20	1,300,709
April	3.36	3.05	1,128,475
May	3.41	3.02	1,528,736
June	3.32	2.98	525,028
July (through July 19)	3.42	3.20	489,625

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Market Prices Information for Our Shares

See Item 9.C. The Offer and Listing Markets for information on the stock exchanges on which our common stock is listed.

The following table sets forth, for the periods indicated, the high and low trading prices and average daily trading volume on the First Section of the Tokyo Stock Exchange for our common stock:

Fiscal years ended/ending March 31,	Price per share High	Price per share Low	Average daily trading volume (shares)
2007(1)	1,030,000	733,000	78,245
2008(1)	911,000	360,000	120,603
2009(2)	606	166	184,530,927
2010	274	146	170,679,648
2011	192	110	173,457,514
2010:			
First quarter	274	188	203,334,564
Second quarter	240	170	198,726,140
Third quarter	192	146	148,868,898
Fourth quarter	196	161	130,673,372
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
Most recent six months:			
January	175	153	187,647,447
February	177	155	178,200,542
March	173	117	231,271,064
April	141	123	132,367,435
May	137	125	100,389,300
June	133	119	91,266,045
July (through July 20)	139	126	103,249,192

Notes:

(1) Under the new central book-entry transfer system in Japan, which became effective in January 2009, fractional shares are not eligible for book-entry transfer. Accordingly, an allotment of shares or fractions of a share without consideration was made to all shareholders and holders of fractional shares at the rate of 999 shares per 1 share and 9.99 shares per every 0.01 of a share, effective on January 4, 2009. The price and volume figures in the above table prior to December 31, 2008 are figures before such allotment was made.

(2) The price and volume figures prior to December 31, 2008 are adjusted to reflect the allotment of shares or fractions of a share without consideration at the rate of 999 shares per 1 share and 9.99 shares per every 0.01 of a share.

9.B. Plan of Distribution

Not applicable.

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9.C. Markets

The principal trading market for our shares of common stock is the First Section of the Tokyo Stock Exchange. Our shares have been listed on the First Section of the Tokyo Stock Exchange and the First Section of the Osaka Securities Exchange, under the code 8411, since our establishment as the holding company of the Mizuho group on March 12, 2003, as the successor to Mizuho Holdings.

Our ADSs have been listed on the New York Stock Exchange since November 8, 2006 and are quoted under the ticker symbol MFG.

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

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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, 2011, 21,782,185,320 shares of common stock were issued.

Where relevant to the common stock, provisions of our preferred stock are also described below.

Distribution of Surplus

General

Under the Company Law, distribution of cash or other assets by a joint stock corporation to its shareholders, including dividends, takes the form of distribution of Surplus (as defined in Restriction on Distribution of

Surplus). We are permitted to make distributions of Surplus to our shareholders any number of times per fiscal year pursuant to resolutions of our general meeting of shareholders, subject to certain limitations described in Restriction on Distribution of Surplus. Distributions of Surplus are required in principle to be authorized by a resolution of a general meeting of shareholders. Distributions of Surplus are, however, permitted pursuant to a resolution of the board of directors if:

(1) our articles of incorporation so provide (our current articles of incorporation do not have such provision);

(2) the normal term of office of our directors is one year; and

(3) our non-consolidated annual financial statements and certain documents for the latest fiscal year fairly present our assets and profit and loss, as required by an ordinance of the Ministry of Justice.

In an exception to the above rule, even if the requirements described in (1) through (3) are not met, we are permitted to make distributions of Surplus in cash to our shareholders by resolutions of the board of directors once per fiscal year if our articles of incorporation so provide. Our current articles of incorporation provide such distribution of Surplus as interim dividends, the record date for which is September 30 each year.

Distributions of Surplus may be made in cash or in kind in proportion to the number of shares of common stock held by each shareholder. A resolution of a general meeting of shareholders or the board of directors authorizing a distribution of Surplus must specify the kind and aggregate book value of the assets to be distributed, the manner of allocation of such assets to shareholders, and the effective date of the distribution. If a distribution of Surplus is to be made in kind, we may, pursuant to a resolution of a general meeting of shareholders or (as the case may be) the board of directors, grant the right to our shareholders to require us to make such distribution in cash instead of in kind. If no such right is granted to shareholders, the relevant distribution of Surplus must be approved by a special resolution of a general meeting of shareholders (see Voting Rights with respect to a special resolution).

Under our articles of incorporation, the record date for annual dividends and interim dividends is March 31 and September 30, respectively, in each year. In Japan, the ex-dividend date (the date from which purchasers of shares through Japanese stock exchanges will not be entitled to the dividends to be paid to registered shareholders as of any record date) and the record date for dividends precede the date of determination of the amount of the dividend to be paid. The ex-dividend date of the shares of common stock is generally the second business day prior to the record date. Under our articles of incorporation, we are not obligated to pay any distribution of Surplus to be made in cash which has not been received after the lapse of five years from the commencement date of such distribution.

Restriction on Distribution of Surplus

Payment of annual dividends on shares of common stock is subject to the prior payment of dividends on shares of preferred stock of ¥20 per share of eleventh series class XI preferred stock and ¥30 per share of thirteenth series class XIII preferred stock. Payment of an interim dividend on shares of our common stock is also subject to the prior payment of an interim preferred dividend of one-half the annual preferred dividend amount on the shares of the two series of preferred stock.

In making a distribution of Surplus, we must set aside in our additional paid-in capital and/or legal reserve an amount equal to one-tenth of the amount of Surplus so distributed, until the sum of its additional paid-in capital and legal reserve reaches one-quarter of its stated capital.

The amount of Surplus at any given time must be calculated in accordance with the following formula:

$$A + B + C + D - (E + F + G)$$

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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, 2011.

If we have prepared interim financial statements as described below, and if such interim financial statements have been approved by the board of directors or (if so required by the Company Law) by a general meeting of shareholders, then the Distributable Amount must be adjusted to take into account the amount of profit or loss, and the amount of consideration for any of our treasury stock disposed of by us, during the period in respect of which such interim financial statements have been prepared. We may prepare non-consolidated interim financial statements consisting of a balance sheet as of any date subsequent to the end of the last fiscal year and an income statement for the period from the first day of the current fiscal year to the date of such balance sheet. Interim financial statements so prepared by us must be audited by our corporate auditors and/or outside accounting auditor, as required by an ordinance of the Ministry of Justice.

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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.

Abolishment of Fractional Share System

With the implementation of the electronic share certificate system for listed shares under the Law for Partial Amendments to the Law Concerning Book-entry Transfer of Corporate Bonds and Other Securities for the Purpose of Streamlining the Settlements of Trades of Stocks and Other Securities (Law No. 88 of 2004) which became effective on January 5, 2009, all listed shares became eligible for book-entry transfer. However, because fractional shares are not eligible for book-entry transfer and are not handled under the new book-entry transfer system , we implemented the allotment of shares or fractions of a share without consideration to the shareholders or the holders of fractional shares in order to abolish all the fractional shares. The shares and fractions of a share were allotted on January 4, 2009 in proportion to the number of shares of common stock, shares of each class of preferred stock and fractional shares held by the holders thereof, in each case without any additional consideration, at the rate of 999 shares per 1 share and 9.99 shares per every 0.01 of a share. As a result, currently there are no outstanding fractional shares.

Unit Share System

We have adopted the unit share system under which shareholders will have one voting right for each unit of shares consisting of 100 shares held by them at general meetings of shareholders or at meetings of holders of a particular class of shares, and shares constituting less than a full unit will carry no voting rights. See Preferred Stock Voting Rights for information on the voting rights that holders of preferred stock may have at general meetings of shareholders. Our articles of incorporation provide that the holders of shares constituting less than a full unit will not have shareholder rights, except for those specified in an ordinance of the Ministry of Justice which include rights (i) to receive dividends, (ii) to receive cash or other assets in case of a consolidation or split of shares, share exchange or share transfer, or merger or (iii) to be allotted rights to subscribe for free for new shares and stock acquisition rights when such rights are granted to shareholders. Holders of shares constituting less than a full unit may at any time request us to purchase such shares constituting less than a full unit (a) at the current market price as determined pursuant to the Company Law in cases of such shares having a market price (such as our common stock) or (b) at the price as determined through negotiations between the holders of shares constituting less than a full unit and us in cases where such shares have no market price (such as our preferred stock), which request may not be withdrawn without our consent. In addition, holders of shares constituting less than a full unit may require us to sell them such number of shares, which, when combined with the number of shares already held by such holder, shall constitute a whole unit of shares; provided that we will be obliged to comply with such request only when we own a sufficient number of shares to accommodate such request. As prescribed in our share handling regulations, such requests shall be made through an account managing institution at which such shareholder has its account and Japan Securities Depository Center, Inc. (JASDEC) pursuant to the rules of JASDEC, without going through the notification procedure required for the exercise of shareholders rights entitled regardless of record dates as described in Transfer of Shares. The board of directors may reduce the number of shares constituting one unit of shares or cease to use the unit share system by amendments to the articles of incorporation without a special resolution of the general meeting of shareholders which would otherwise be required.

General Meetings of Shareholders

The ordinary general meeting of shareholders shall be held no later than three months from the last day of each business year and is normally held in June of each year. In addition, we may hold an extraordinary general meeting of shareholders whenever necessary. Notice of a general meeting of shareholders stating the place, the time and the purpose thereof must be given to each shareholder having voting rights (or, in the case of a non-resident shareholder, to its standing proxy or mailing address in Japan) at least two weeks prior to the date set for the meeting. The record date for an ordinary general meeting of shareholders is March 31 of each year.

Any shareholder holding at least 300 voting rights or 1% of the total number of voting rights for six months or longer may propose a matter to be considered at a general meeting of shareholders by submitting a request to a representative director at least eight weeks prior to the date of such meeting. Any of the minimum percentages, time periods and number of voting rights necessary for exercising the minority shareholder rights described above may be decreased or shortened if our articles of incorporation so provide.

Voting Rights

Our shareholders have one voting right for each unit of shares held by them (regarding the voting rights held by holders of preferred stock, see Preferred Stock Voting Rights).

Except as otherwise provided by law or in our articles of incorporation, a resolution shall be adopted at a general meeting of shareholders by a majority of the voting rights held by the shareholders present at the meeting. Our articles of incorporation provide that the quorum for election of directors and corporate auditors is one-third of the total number of voting rights. Our shareholders are not entitled to cumulative voting in the election of directors. A shareholder may exercise its voting rights in writing or through a proxy, provided that the proxy shall also be a holder of our shares having voting rights at such meeting.

The Company Law provides that certain important matters shall be approved by a special resolution of a general meeting of shareholders. Under our articles of incorporation, the quorum for a special resolution is one-third of the total number of voting rights, and the approval of not less than two-thirds of the voting rights held by the shareholders present at the meeting is required for adopting a special resolution. Such important matters include:

1. any amendment to our articles of incorporation (except for such amendments that may be authorized by the board of directors under the Company Law such as (i) an increase of the number of authorized shares in the same ratio as that of a stock split, (ii) a reduction of the number of shares per unit of shares and (iii) abolishing the unit share system);

2. dismissal of a corporate auditor;

3. our dissolution, merger or consolidation requiring shareholders approval;

4. establishment of a parent and wholly-owned subsidiary relationship by way of a share transfer (*kabushiki-iten*) or share exchange (*kabushiki-kokan*) requiring shareholders approval;

5. transfer of the whole or a substantial part of our business;

6. taking over of the whole of the business of another company requiring shareholders approval;

7. our corporate split requiring shareholders approval;

8. consolidation of shares of common stock;

9. acquisition of shares of common stock by us from a specific shareholder other than our subsidiary;

10. distribution of Surplus in kind (except when shareholders are granted the right to require to make such distribution in cash instead of in kind);

11. issuance or transfer of new shares or existing shares held by us as treasury stock to persons other than the shareholders at a specially favorable price; and

12. issuance of stock acquisition rights (including those incorporated in bonds with stock acquisition rights) to persons other than the shareholders at a specially favorable price or under specially favorable conditions.

Liquidation Rights

In the event of our liquidation, the assets remaining after payment of all debts, liquidation expenses, taxes and distributions of residual assets relating to the then outstanding preferred stock will be distributed among holders of common stock in proportion to the respective numbers of shares held by them. See Preferred Stock Liquidation Rights.

Issue of Additional Shares and Pre-emptive Rights

Holders of the common stock have no pre-emptive rights. Authorized but unissued shares of common stock may be issued at such times and upon such terms as the board of directors determines, subject to the limitations as to the issuance of new shares of common stock at a specially favorable price mentioned in Voting Rights. In the case of an issuance or transfer of shares or stock acquisition rights by way of an allotment to a third party which would dilute the outstanding voting shares by 25% or more or change the controlling shareholder, in addition to a board resolution, the approval of the shareholders or an affirmative opinion from a person independent of our management is generally required pursuant to the regulations of the stock exchanges in Japan. The board of directors may, however, determine that shareholders of a particular class of stock shall be given subscription rights to new shares of the same class, in which case they must be given on uniform terms to all shareholders of that class as of a record date of which not less than two weeks prior public notice must be given. Each of the shareholders to whom such rights are given must also be given at least two weeks prior notice of the date on which such rights expire (but see Preferred Stock Issue of Additional Shares and Pre-emptive Rights regarding our preferred stock).

Stock Acquisition Rights

We may issue stock acquisition rights (*shinkabu yoyakuken*). Holders of stock acquisition rights are entitled to acquire shares from us, upon payment of the applicable exercise price, and subject to other terms and conditions thereof. We may also issue bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). The issuance of stock acquisition rights and bonds with stock acquisition rights may be authorized by the board of directors unless it is made at a specially favorable price or under specially favorable conditions, as described in Voting Rights.

Record Date

As mentioned above, March 31 is the record date for the payment of annual dividends and the determination of shareholders entitled to vote at the ordinary general meeting of shareholders. September 30 is the record date for the payment of interim dividends. In addition, by a resolution of the board of directors and after giving at least two week s prior public notice, we may at any time set a record date in order to determine the shareholders who are entitled to certain rights pertaining to our stock.

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