

MIZUHO FINANCIAL GROUP INC

Form 20-F

September 04, 2008

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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 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2008

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

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)

Mamoru Kishida, +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 1/500 th of one share 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, 2008, the following shares of capital stock were outstanding: (1) 11,396,255 shares of common stock (including 4,586 shares of common stock held by the registrant and its consolidated subsidiaries and equity-method affiliates as treasury stock), (2) 943,740 shares of eleventh series class XI

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preferred stock, and (3) 36,690 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 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

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

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

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

Item 17 Item 18

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

Yes No

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

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

Yes No

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

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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, all yen figures and percentages have been rounded to the figures shown, except for those yen figures and percentages in Item 3.A. Key Information Selected Financial Data Japanese GAAP Selected Consolidated Financial Information, which have been truncated to the figures shown, and unless otherwise specified. Accordingly, the total of each column of figures may not be equal to the total of the individual items.

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

incurrence of significant credit-related costs;

declines in the value of our securities portfolio, including as a result of the impact of the dislocation in global financial markets stemming from U.S. subprime loan issues;

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changes in interest rates;

foreign exchange rate fluctuations;

revised assumptions or other changes related to our pension plans;

failure to maintain required capital adequacy ratio levels;

downgrades in our credit ratings;

the effectiveness of our operational, legal and other risk management policies;

our ability to avoid reputational harm; and

the effect of changes in general economic conditions in Japan.

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, 2006, 2007 and 2008 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, 2004, 2005, 2006, 2007 and 2008 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, 2006, 2007 and 2008 prepared in accordance with U.S. GAAP have been audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) by Ernst & Young ShinNihon LLC, independent registered public accounting firm.

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

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

	As of and for the fiscal years ended March 31, 2006 2007 2008 (in millions of yen, except per share data and percentages)		
Statement of income data:			
Interest and dividend income	¥ 1,957,907	¥ 2,639,307	¥ 3,110,260
Interest expense	944,895	1,571,389	1,911,522
Net interest income	1,013,012	1,067,918	1,198,738
Provision (credit) for loan losses	(157,666)	182,115	(57,766)
Net interest income after provision (credit) for loan losses	1,170,678	885,803	1,256,504
Noninterest income	995,156	1,195,948	1,094,943
Noninterest expenses	1,454,304	1,294,648	1,450,653
Income before income tax expense (benefit)	711,530	787,103	900,794
Income tax expense (benefit)	(374,142)	163,221	672,176
Net income	¥ 1,085,672	¥ 623,882	¥ 228,618
Net income attributable to common shareholders	1,047,719	600,408	208,643
Amounts per share:			
Basic earnings per common share net income attributable to common shareholders	¥ 93,778.71	¥ 51,725.68	¥ 18,174.55
Diluted earnings per common share net income attributable to common shareholders	¥ 82,748.82	¥ 48,709.38	¥ 16,768.67
Number of shares used to calculate basic earnings per common share (in thousands)	11,172	11,608	11,480
Number of shares used to calculate diluted earnings per common share (in thousands)	12,889	12,714	13,568
Cash dividends per share declared during the fiscal year:			
Common stock	¥ 3,500	¥ 4,000	¥ 7,000
	\$ 29.79	\$ 34.03	\$ 70.11
Second series class II preferred stock	¥ 8,200		
	\$ 69.80		
Third series class III preferred stock	¥ 14,000		
	\$ 119.17		
Fourth series class IV preferred stock	¥ 47,600	¥ 47,600	
	\$ 405.18	\$ 404.90	
Sixth series class VI preferred stock	¥ 42,000	¥ 42,000	
	\$ 357.51	\$ 357.26	
Seventh series class VII preferred stock	¥ 11,000		
	\$ 93.63		
Eighth series class VIII preferred stock	¥ 8,000		
	\$ 68.10		
Tenth series class X preferred stock	¥ 5,380		
	\$ 45.80		
Eleventh series class XI preferred stock	¥ 20,000	¥ 20,000	¥ 20,000
	\$ 170.24	\$ 170.13	\$ 200.30
Thirteenth series class XIII preferred stock	¥ 30,000	¥ 30,000	¥ 30,000
	\$ 255.36	\$ 255.19	\$ 300.45

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	As of and for the fiscal years ended March 31,		
	2006	2007	2008
	(in millions of yen, except per share data and percentages)		
Balance sheet data:			
Total assets	¥ 145,522,392	¥ 147,381,279	¥ 151,317,756
Loans, net of allowance	67,898,640	68,236,720	67,572,004
Total liabilities	140,880,392	142,376,976	147,749,599
Deposits	82,703,690	83,751,304	86,429,065
Long-term debt	5,384,991	7,073,936	7,618,910
Common stock	3,547,726	3,532,492	3,437,420
Shareholders' equity	4,345,714	4,662,700	3,268,800
Other financial data:			
Return on equity and assets:			
Net income attributable to common shareholders as a percentage of total average assets	0.74%	0.42%	0.14%
Net income attributable to common shareholders as a percentage of average shareholders' equity	27.40%	14.69%	5.20%
Dividends per common share as a percentage of basic earnings per common share	4.27%	13.53%	55.02%
Average shareholders' equity as a percentage of total average assets	2.71%	2.87%	2.73%
Net interest income as a percentage of total average interest-earning assets	0.77%	0.79%	0.86%

Note: Yen amounts for cash dividends per share for the fiscal years ended March 31, 2006, 2007 and 2008 are expressed in U.S. dollars at the rate of ¥117.48 = \$1.00, ¥117.56 = \$1.00 and ¥99.85 = \$1.00, respectively. These rates are the noon buying rates on March 31, 2006, 2007 and 2008 in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

Table of Contents**Japanese GAAP Selected Consolidated Financial Information**

	As of and for the fiscal years ended March 31,				
	2004	2005	2006	2007	2008
(in millions of yen, except per share data and percentages)					
Statement of income data:					
Interest income	¥ 1,622,704	¥ 1,584,415	¥ 1,935,048	¥ 2,562,642	¥ 2,864,796
Interest expense	437,703	477,983	872,403	1,472,378	1,801,156
Net interest income	1,185,001	1,106,432	1,062,645	1,090,264	1,063,639
Fiduciary income	62,064	63,253	78,843	66,958	64,355
Net fee and commission income	426,614	472,628	555,935	551,124	494,526
Net trading income	231,804	165,059	204,941	261,544	56,149
Net other operating income (expenses)	206,861	185,724	100,073	147,507	(17,737)
General and administrative expenses	1,125,905	1,091,348	1,095,243	1,091,602	1,124,527
Other income	503,872	735,297	502,212	522,816	579,737
Other expenses	609,073	693,989	429,265	573,714	630,079
Income (loss) before income taxes and minority interests	881,240	943,059	980,142	974,898	486,062
Income taxes:					
Current	28,055	19,817	64,038	43,267	32,212
Deferred	387,855	235,227	185,035	223,699	118,546
Minority interests in net income (loss)	58,347	60,630	81,164	86,965	24,079
Net income (loss)	¥ 406,982	¥ 627,383	¥ 649,903	¥ 620,965	¥ 311,224
Net income (loss) per share:					
Basic	¥ 36,153.27	¥ 54,625.61	¥ 55,157.14	¥ 51,474.49	¥ 25,370.25
Diluted	18,754.94	37,719.13	46,234.51	48,803.07	24,640.00
Cash dividends per share declared during the fiscal year ⁽¹⁾ :					
Common stock					
	¥	¥ 3,000	¥ 3,500	¥ 4,000	¥ 7,000
	\$	\$ 27.98	\$ 29.79	\$ 34.03	\$ 70.11
First series class I preferred stock					
	¥ 22,500	¥ 22,500			
	\$ 215.97	\$ 209.85			
Second series class II preferred stock					
	¥ 8,200	¥ 8,200	¥ 8,200		
	\$ 78.71	\$ 76.48	\$ 69.80		
Third series class III preferred stock					
	¥ 14,000	¥ 14,000	¥ 14,000		
	\$ 134.38	\$ 130.57	\$ 119.17		
Fourth series class IV preferred stock					
	¥ 47,600	¥ 47,600	¥ 47,600	¥ 47,600	
	\$ 456.90	\$ 443.95	\$ 405.18	\$ 404.90	
Sixth series class VI preferred stock					
	¥ 42,000	¥ 42,000	¥ 42,000	¥ 42,000	
	\$ 403.15	\$ 391.72	\$ 357.51	\$ 357.26	
Seventh series class VII preferred stock					
	¥ 11,000	¥ 11,000	¥ 11,000		
	\$ 105.59	\$ 102.59	\$ 93.63		

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	As of and for the fiscal years ended March 31,					
	2004	2005	2006	2007	2008	
(in millions of yen, except per share data and percentages)						
Eighth series class VIII preferred stock	¥ 8,000	¥ 8,000	¥ 8,000			
	\$ 76.79	\$ 74.61	\$ 68.10			
Ninth series class IX preferred stock	¥ 17,500	¥ 17,500	¥			
	\$ 167.98	\$ 163.22	\$			
Tenth series class X preferred stock	¥ 5,380	¥ 5,380	¥ 5,380			
	\$ 51.64	\$ 50.18	\$ 45.80			
Eleventh series class XI preferred stock	¥ 165	¥ 20,000	¥ 20,000	¥ 20,000	¥ 20,000	¥ 20,000
	\$ 1.58	\$ 186.53	\$ 170.24	\$ 170.13	\$ 200.30	\$ 200.30
Twelfth series class XI preferred stock	¥ 21	¥ 2,500	¥			
	\$ 0.20	\$ 23.32	\$			
Thirteenth series class XIII preferred stock	¥ 247	¥ 30,000	¥ 30,000	¥ 30,000	¥ 30,000	¥ 30,000
	\$ 2.37	\$ 279.80	\$ 255.36	\$ 255.19	\$ 300.45	\$ 300.45
Balance sheet data:						
Total assets	¥ 137,750,091	¥ 143,076,236	¥ 149,612,794	¥ 149,880,031	¥ 154,412,105	
Loans and bills discounted ⁽²⁾	66,205,868	62,917,336	65,408,672	65,964,301	65,608,705	
Securities	32,071,624	36,047,035	37,702,957	36,049,983	33,958,537	
Deposits	77,487,475	80,368,058	82,367,125	83,608,304	86,264,041	
Shareholders' equity	3,644,396	3,905,726	4,804,993			
Net assets ⁽³⁾				6,724,408	5,694,159	
Risk-adjusted capital data⁽⁴⁾:						
Tier 1 capital	¥ 3,941,146	¥ 4,172,047	¥ 4,555,947	¥ 4,933,561	¥ 4,880,188	
Total qualifying capital	7,770,077	8,020,233	8,993,255	8,841,383	7,708,341	
Total risk adjusted assets	68,424,191	67,324,998	77,534,548	70,795,493	65,872,866	
Tier 1 capital ratio	5.75%	6.19%	5.87%	6.96%	7.40%	
Capital adequacy ratio	11.35%	11.91%	11.59%	12.48%	11.70%	

Notes:

- (1) Yen amounts are expressed in U.S. dollars at the rate of ¥104.18 = \$1.00, ¥107.22 = \$1.00, ¥117.48 = \$1.00, ¥117.56 = \$1.00 and ¥99.85 = \$1.00 for the fiscal years ended March 31, 2004, 2005, 2006, 2007 and 2008, 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.
- (2) 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.
- (3) On December 9, 2005, the Accounting Standards Board of Japan issued a new accounting standard for presentation of net assets in the balance sheet, which is effective for fiscal years ending on or after May 1, 2006. Under the new accounting standard, the line item previously presented as shareholders' equity is now presented as net assets, and the line items minority interests and net deferred gains or losses on hedges (after tax) are now presented as components of net assets. Accordingly, the presentations of net assets in the balance sheets as of March 31, 2007 and 2008 are not directly comparable to shareholders' equity for prior periods.

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- (4) Risk-adjusted capital data for the fiscal years ended March 31, 2007 and 2008 are calculated under Basel II basis while those through the fiscal year ended March 31, 2006 are calculated under Basel I basis. 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.

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, Financial Stabilization Funds, 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⁾ (yen per dollar)	Period end
2004	120.55	104.18	112.75	104.18
2005	114.30	102.26	107.28	107.22
2006	120.93	104.41	113.67	117.48
2007	121.81	110.07	116.55	117.56
2008	124.09	96.88	113.61	99.85
2009 (through September 3)	110.48	100.87	106.86	108.18
Calendar year 2008				
March	103.99	96.88		
April	104.56	100.87		
May	105.52	103.01		
June	108.29	104.41		
July	108.19	104.64		
August	110.48	107.59		
September (through September 3)	108.85	108.18		

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 September 3, 2008 was ¥108.18 = \$1.00.

3.B. Capitalization and Indebtedness

Not applicable.

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

Not applicable.

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3.D. Risk Factors

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

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

Risks Relating to Our Business

We may incur significant credit-related 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 loan portfolio by regularly monitoring the credit profile of each of our customers, the progress made on restructuring plans and loan concentrations in particular industries or corporate groups, and we also 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 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. There can be no assurance that credit-related and other costs will not increase in the future.

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 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. In addition, 45% of net unrealized gains on such investments, based on Japanese GAAP, is included within 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.

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, mainly due to differences in maturities between financial assets and liabilities, changes in interest rates could have an adverse affect 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 a significant increase 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.

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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. In the fiscal year ended March 31, 2008, 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 stemming from U.S. subprime loan issues. 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 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.

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 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.

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, our capital adequacy ratios could decline.

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.

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

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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.

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

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

adverse developments with respect to our financial condition and results of operations;

downgrading of our credit ratings or damage to our reputation; or

a reduction in the size and liquidity of the debt markets due for example to the decline in the domestic and global economy, concerns regarding the financial system or turmoil in financial markets and other factors.

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 business 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. For example, in October 2007, Mizuho Securities received a business improvement order from the Financial Services Agency relating to the receipt of non-public information from its parent bank and the use of such information for customer solicitation. In addition, there have recently been some cases in which other Japanese financial institutions have been the subject of regulatory actions in areas such as financial products sales and anti-money laundering practices. 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

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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. For example, Mizuho Securities Co., Ltd. incurred a loss of ¥40.7 billion and received a business improvement order from the Financial Services Agency as a result of an erroneous stock brokerage order by an employee in December 2005. Significant operational errors and misconduct in the future could result in losses, regulatory action or harm to our reputation.

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. 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 Act of Japan which became fully effective in April 2005, 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.

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.

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, beginning with our annual report on Form 20-F for the fiscal year ended March 31, 2008. 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 beginning with the annual securities report for the fiscal year ending March 31, 2009. 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

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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, which in turn could negatively impact the price of our securities.

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.

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, North Korea, 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, maintenance of correspondent banking accounts and interbank money market transactions. In addition, we maintain a representative office in Iran and provide project financing to entities in Iran. We also provide extensions of credit to, and maintain correspondent banking accounts for and with, a number of Iranian banks that the U.S. Office of Foreign Assets Control identifies as specially designated nationals. 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 initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to adopt laws, regulations or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with Iran and other Designated Countries. It is possible that such initiatives may result in our being unable to retain or acquire entities that are subject to such prohibitions as customers or investors in our securities. In addition, depending on socio-political developments, our reputation may suffer due to our association with the Designated Countries. The above circumstances could have a significant adverse effect on our business or the price of our securities.

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 the fiscal year ended March 31, 2008, we incurred significant losses related to declines in the value of our investments in securitization products and other assets as a result of the impact of the dislocation in global financial markets stemming from U.S. subprime loan issues. Future deterioration in general economic conditions or financial market turmoil, including as a result of the dislocation in global financial markets mentioned above, could adversely affect our financial condition and results of operations.

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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 various laws and regulations in and outside of Japan, including those applicable to financial institutions as well as general laws applicable to our business activities. If the laws and regulations that are applicable to us are amended or otherwise changed, for example 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.

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.

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. Japan has historically been prone to major earthquakes. 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.

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 and results of operations could be materially and adversely affected.

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Risks Related to Owning Our Shares

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

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

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

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

Risks Related to Owning Our ADSs

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

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

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

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

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ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development of the Company

The Mizuho Group

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

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

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

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

In April 2008, Mizuho Securities and Shinko Securities Co., Ltd. signed a new Basic Agreement for Merger. The effective date of the merger is targeted at May 2009, subject to approval from the general shareholders meetings and the relevant authorities. We determined it necessary to restructure our securities business to enable us to offer competitive cutting-edge financial services on a global basis and believe that the merger will integrate the strengths of the two companies.

Principal Capital Expenditures and Divestitures

In May 2005, Mizuho Financial Group established a trust, with our subsidiary, Trust & Custody Services Bank, Ltd., as trustee, to sell gradually 250 million shares of common stock it held in Mizuho Trust & Banking, equaling 4.98% of the then-outstanding shares of common stock of Mizuho Trust & Banking, at prevailing prices of such shares on the Tokyo Stock Exchange. The trust was terminated in September 2005 after completing the sale of all such shares.

In October 2005, UC Card Co., Ltd., our credit card subsidiary, conducted a corporate split to separate its credit card issuance business from its merchant acquisition and processing businesses. Following the corporate split, we sold the credit card issuance business to Credit Saison Co., Ltd. for ¥27.5 billion in connection with our

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alliance with Credit Saison relating to the credit card business. In January and December 2007, Mizuho Bank purchased 4,683,700 shares and 7,500,000 shares, respectively, of common stock of Credit Saison, resulting in Mizuho Bank and Mizuho Corporate Bank together owning 9.51% of the total outstanding shares of common stock of Credit Saison as of March 31, 2008 in furtherance of our aim to promote our alliance with Credit Saison.

Other Information

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

4.B. Business Overview

General

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

We align our businesses into the following three Global Groups based on our customers' needs: the Global Corporate Group; the Global Retail Group; and the Global Asset & Wealth Management Group. 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 our comprehensive financial expertise.

The Global Retail Group provides a wide range of financial products and services, including those provided through collaborations with our group companies, that meet the diverse needs of individuals, SMEs and middle-market corporations in Japan.

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.

During the three fiscal years beginning from April 2005, we implemented our business strategy called the "Channel to Discovery" Plan under which, in addition to efforts to strengthen our profitability, we have developed a solid internal control system. We also reinforced our corporate branding strategy by actively conveying our brand slogan, "Channel to Discovery," aiming to be a financial partner that helps customers shape their future and achieve their dreams. Meanwhile, from the viewpoint of corporate social responsibility, or CSR, we promoted support of financial education and environmental conservation. Regarding our support of financial education, we sponsored academic courses in universities and engaged in joint research program regarding financial education in schools. Regarding environmental conservation, we engaged in loans to environmental businesses such as wind power generation and re-adopted a revised version of the Equator Principles relating to project financing. In addition, we promoted conversion of branches of Mizuho Bank to barrier-free layouts in an effort to become more easily accessible for everyone.

We further strive to enhance our profitability through the continued pursuit by our three Global Groups of business strategies that leverage their respective strengths and through the strengthening of collaboration between the three Global Groups to provide high-quality financial products and services to our customers.

In addition, we make further efforts to win the trust of our customers in and outside of Japan through our solid system of internal controls, including a strong compliance structure and sophisticated risk management structure, and the promotion of our branding strategy and CSR activities.

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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, 2008, 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 Global RM Group, while individual financial products and services are developed and provided by the Global Investment Banking Group, the Global Transaction Banking Unit and the Global Markets Unit and the Global Alternative Investment Unit. We offer innovative financial products and services to our customers by integrating these two functions. In addition, the Global Portfolio Management Unit actively manages credit risk.

Global RM Group

The Global RM group is divided into the following three business units based on customer segment:

the Corporate Banking Unit;

the Financial Institutions & Public Sector Business Unit; and

the International Banking Unit.

The units serve as our contact points with our customers such as large corporations, financial institutions and public sector entities in and outside Japan.

Corporate Banking Unit

The Corporate Banking Unit engages in relationship management for large Japanese corporations and their affiliates.

In this area, 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.

Financial Institutions & Public Sector Business Unit

The Financial Institutions & Public Sector Business Unit engages in relationship management for Japanese financial institutions and public sector entities. The unit also engages in businesses related to bonds issued by corporations, financial institutions and public sector entities.

For financial institution customers, we offer various products and services that enhance their investment capabilities, facilitate the restructuring of their loan portfolio and address the managerial and strategic issues that they face by utilizing our expertise.

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We provide Japanese public sector entities with various financing alternatives such as syndicated loans and securitization transactions as well as advisory services related to managerial issues arising from, among others, regional administrative and fiscal reform and reforms related to public sector entities.

Regarding our bond-related businesses, 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 the support of our Japanese corporate customers in connection with their entry into the Chinese 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, management buy-outs, project finance and trade finance.

We are currently strengthening our international network by establishing new branches and offices or through the utilization of alliances with or investments in foreign financial institutions mainly to help enhance our medium-term profitability and strengthen our capability to support Japanese customers. For example, we opened a branch in Milan, Italy in April 2007, a representative office of our New York Branch in Mexico in May 2007, a branch in Dubai in June 2007 and a branch in Taichung, Taiwan in April 2008. We established Mizuho Corporate Bank (China), Ltd. in June 2007, and we transferred the businesses of our branches in Shanghai, Shenzhen, Dalian, Beijing and Wuxi to the new company. In addition, through Mizuho Corporate Bank (China), we opened a branch in Tianjin, China in July 2007, a representative office in the Dalian Economic & Technological Development Area, China in October 2007 and a branch in Qingdao, China in April 2008. In November 2007, we completed the transfer of business operations from Mizuho Corporate Bank (Canada) to our newly established Canada Branch and its Vancouver Office. In January 2008, we acquired all of the 10 million outstanding shares of common stock of The Michinoku Bank (Moscow) Ltd., a Russian subsidiary of The Michinoku Bank, Ltd., making it our subsidiary. In addition, we actively developed business alliances with other financial institutions during the fiscal year ended March 31, 2008 and entered into a memorandum of understanding for business collaboration with China CITIC Bank (in which we had made an investment as a cornerstone investor in April 2007) in October 2007 and a business alliance agreement with the State Bank of India in January 2008.

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 Group

The Global Investment Banking Group consists of two units, the Global Syndicated Finance Unit and the Global Financial Products Unit. We provide our customers with sophisticated financial solutions by integrating the functions of the two units.

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Global Syndicated Finance Unit

The Global Syndicated Finance Unit engages 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, 2008, despite the intensified competition among banks, our group arranged, based on amount of principal, approximately 31% of all syndicated loans arranged in Japan. Mizuho Corporate Bank is arranging new types of syndicated loans such as those related to mergers and acquisitions and corporate reorganizations.

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 relationships with regional financial institutions. In the fiscal year ended March 31, 2008, Mizuho Corporate Bank engaged in loan trading of nearly ¥1 trillion.

Global Financial Products Unit

The Global Financial Products Unit engages in structured finance, leveraged finance, real estate finance and project finance businesses.

We are strengthening our origination functions and expanding our range of products and services through cooperation with the Global Syndicated Finance Unit and 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, custody, foreign exchange, trade finance and pension-related services. With respect to Internet-related services, we provide online solutions such as domestic and global cash management services to our customers.

We also promote yen settlement and clearing services, continuous linked settlement services, custody services and outsourced securities settlement services.

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

We provide customers of our pension-related services with pension plan proposals relating mainly to defined contribution plans by cooperating with Mizuho Trust & Banking and other group companies. Mizuho Corporate Bank also sells trust products as an agent of Mizuho Trust & Banking.

Global Markets Unit

The Global Markets Unit engages in the business of investments in, and sales and trading of, financial products related to, among others, interest rates, foreign exchange, credit, equity and commodities.

We continue to enhance the sophistication of our portfolio management methods and diversify our investments by investing in alternative funds and credit-related products such as corporate bonds and credit derivatives to diversify risks and expand our sources of market-related income.

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Global Alternative Investment Unit

The Global Alternative Investment Unit engages in the alternative asset management business for institutional investors including pension funds.

We established an investment management company named Mizuho Alternative Investments, LLC in the United States in April 2007 and completed its registration as an investment advisor with the U.S. Securities and Exchange Commission in February 2008 as part of our enhancement of the sophistication of our asset management business. Going forward, we will promote our asset management business, including by establishing an investment management company based in Tokyo, to offer attractive investment products that respond to the changing needs of our customers while enhancing our risk management structure in light of recent market conditions.

Global Portfolio Management Unit

The Global Portfolio Management Unit manages our various portfolios, mainly our loan and equity portfolio. We actively manage credit risk, equity price risk and other risks through diversification and enhancement of our operations, including use of derivatives that can contribute to the reduction of credit risk concentration and enhancement of portfolio value to maintain and strengthen the soundness and profitability of our portfolio.

Mizuho Securities

Mizuho Securities provides securities services mainly to Japanese and foreign institutional investors, corporations, financial institutions and public sector entities. Our goal is to become a market leader in the Japanese investment banking industry by providing products and services that best satisfy the diverse needs of our customers. Mizuho Securities pursues group synergies by cooperating with other group companies such as Mizuho Corporate Bank.

We maintain securities subsidiaries in major international financial centers such as London, New York, Hong Kong and Zurich to satisfy the needs of our customers through our global network. In the United States, we are strengthening our investment banking business by leveraging our FHC status. We engaged in, among others, U.S. corporate bonds and equity underwriting in the fiscal year ended March 31, 2008.

We incurred significant losses related to our securitization business in the fiscal year ended March 31, 2008 due to the dislocation in global financial markets stemming from U.S. subprime loan issues. In an effort to achieve an early return to profitability, we are restructuring our business operations by implementing Business Restructuring Program, which consists of strengthening our risk management structure and international office management structure, streamlining organizations through reducing the number of departments by more than half, reducing headcount by approximately 300, reducing costs by 20% compared with that of fiscal year ended March 31, 2008 and reducing executive compensation.

In December 2007 and January 2008, Mizuho Securities issued new shares through a third-party allocation to Mizuho Corporate Bank totaling ¥400 billion for the purpose of strengthening the capital base and business platform.

Mizuho Securities and Shinko Securities postponed their scheduled merger to May 2009 in light of the continuing financial market dislocation and the scheduled implementation in Japan of an electronic share certificate system in January 2009. The merger is subject to regulatory approval and other procedures. The merged entity will aim to offer competitive cutting-edge financial services on a global basis through the combining of Mizuho Securities' global investment banking business platform and Shinko Securities' client base and business network as a full-service securities company covering all of Japan.

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Equity Underwriting and Trading Business

We are endeavoring to strengthen our equity underwriting business by making proposals related to, among other things, new issuance of stock or convertible bonds. We are also strengthening our capability to meet the investment needs of global institutional investors through our equity trading business.

Bond Underwriting and Trading Business

We provide bond underwriting services to issuers, including Japanese corporations and public sector entities, as a leading underwriter in the Japanese market. We also endeavor to maintain our leading position in the secondary bond market by expanding our customer base and enhancing our ability to manage bond trading positions.

Investment Banking Business

In this business, we actively provide proposals regarding mergers and acquisitions or structured finance transactions by responding to the financial needs of our customers.

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, 2008, Mizuho Bank had approximately 25 million individual deposit accounts and made loans to approximately 100,000 SMEs and middle-market corporations. 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 four principal business groups:

the Personal Banking Group;

the Corporate Banking Group;

the Business Coordination & Development Group; and

the Trading and ALM Group.

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 provide specialized consulting services mainly to targeted customers who have financial assets of more than ¥10 million with us, of which there were approximately 950,000 as of March 31, 2008. In order to serve them, we have increased the number of financial consultants to approximately 2,800, as of March 31, 2008, that make proposals regarding investments such as investment trusts, foreign currency deposits, individual annuities and Japanese government bonds sold to individuals. By implementing these measures, the aggregate balance of these products has increased, although some of the products such as investment trusts were negatively affected by the dislocation in global financial

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markets and others. The balance of investment trusts (excluding MMF) was ¥1.28 trillion, individual annuities was ¥1.43 trillion, foreign currency deposit was ¥0.5 trillion and Japanese government bonds sold to individuals was ¥1.45 trillion, each on a managerial accounting basis as of March 31, 2008. Our goal is to increase the number of our financial consultants to 4,000 over time and further improve the

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quality of our services by increasing the number of skilled financial consultants. We have expanded Premium Salons, a designated space for private consultations with customers, at 312 branches, as of March 31, 2008. We have also developed a database of our individual customers, which we call Relationship Marketing Database, to assist our consulting staff in marketing financial products that are most suitable for the specific customer. In addition, we also meet our customers one-stop shopping needs for banking, trust and securities services. For example, we offer the services of Mizuho Investors Securities Co., Ltd. through securities consulting booths, which we call Planet Booths, in the lobbies of 134 branches and offices of Mizuho Bank as of March 31, 2008. We also sell trust products at all Mizuho Bank branches as agents of Mizuho Trust & Banking. Through these measures, we are strengthening our consulting capabilities and endeavoring to grow assets under management.

In our housing loan business, we have reconfigured our credit screening process to reduce our response time to our potential customers. We also offer various 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, we have expanded the number of our housing loan centers, which promote our housing loans through ties with real estate developers and brokers, to 100 as of March 31, 2008.

With respect to unsecured loan products, we cooperate with Orient Corporation to develop unsecured loan products such as Captive Loans, installment loans for shopping guaranteed by Orient Corporation, and card loans. We also began providing a new card loan product that our customers can apply for through our ATM network.

We offer Mizuho Mileage Club, a membership service through which members can receive benefits depending on the level of business relationship with Mizuho Bank and accumulate points when they use credit cards. As of March 31, 2008, we had approximately 5.46 million members. We issue to Mizuho Mileage Club members ATM cards with credit card functions called the Mizuho Mileage Club Card, which we issue under the UC (MasterCard) brand and Saison (VISA, JCB or AMEX) brand. In October 2005, we also consolidated the credit card issuance business of UC Card into Credit Saison in order to strengthen our credit card business. In furtherance of our aim to promote our alliance with Credit Saison, in January and December 2007, Mizuho Bank purchased shares of common stock of Credit Saison, resulting in Mizuho Bank and Mizuho Corporate Bank together owning 9.5% of the total outstanding shares of Credit Saison's common stock as of March 31, 2008. Further, we established a credit card processing company in October 2007 called Qubitous as a joint venture with Credit Saison, and centralized the credit card processing operations for the UC and Saison brands. In addition, we offer the Mizuho Suica Card, an ATM card with credit card, train ticket and electronic money functions, in alliance with East Japan Railway Company, and we launched in October 2007 the Mizuho Mileage Club Card/ANA in alliance with All Nippon Airways.

With our staffed branches throughout Japan, we have been and will continue to expand our convenient and efficient points of contact for individual customers by promoting Mizuho Personal Square, a branch designed to focus on serving individual customers (135 locations as of March 31, 2008). We also plan to increase retail-only branches, including through the conversion of sub-branches into branches, to approximately 250. Including those measures, we plan to increase the number of staffed branches from 423 as of March 31, 2008 to approximately 500. In addition, we will expand our ATM network and enhance our Internet banking, telephone banking and mobile-phone banking systems, introduce a credit card settlement service that utilizes mobile phones, introduce a finger vein pattern authentication system to improve the security of ATM transactions and strengthen marketing through call centers.

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.

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.

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Our marketing efforts for loan products include 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 based on interest rates commensurate with 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, securities 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. 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.

Business Coordination & Development Group

The Business Coordination & Development Group engages in businesses that require collaboration between our corporate and individual banking operations, such as transactions with high net worth individuals such as business owners and with employees of our corporate customers, and businesses that require collaboration with securities companies, trust banks and others within the Mizuho group.

Securities Division

The Securities Division offers services related to capital markets financing such as the issuance of corporate bonds 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.

Consulting Division

The Consulting Division provides comprehensive consultation for customers who have needs relating to both corporate and individual aspects as well as comprehensive financial services 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 highly 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.

Business Promotion Division for Employees of Corporate Customers

Business Promotion Division for Employees of Corporate Customers promotes services to employees of our corporate customers by leveraging our solid corporate customer base through cooperation with Mizuho Corporate Bank and collaboration with the securities companies and trust banks within the Mizuho group.

e-business Development Division

The e-business Development Division provides products and services related to information technology such as offering cash management services and developing IC cards.

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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.

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.

Mizuho Investors Securities

Mizuho Investors Securities is our securities company subsidiary that focuses on the needs of mainly individual customers, SMEs and middle-market corporations. We actively promote our joint branch network of Mizuho Investors Securities and Mizuho Bank. We continue to meet the diverse needs of our customers by enhancing cooperation with our group companies, such as offering products and services of Mizuho Investors Securities through Mizuho Bank as sales agent and providing underwriting and other services in connection with initial public offerings by Mizuho Bank's customers, while Mizuho Trust & Banking may act as stock transfer agent for issuers.

Global Asset and Wealth Management Group

Mizuho Trust & Banking

Mizuho Trust & Banking is a full-line trust bank that provides customers with various financial products and services with strengths in both corporate and individual business areas. We provide our customers with distinct products and services developed based on our specialized expertise and consulting capabilities cultivated over the years. We respond promptly and appropriately to the diversified and sophisticated needs of our customers by cooperating 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 providing advice on legal issues related to stock.

Wealth Management Business

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

consulting services regarding investment and management of customer assets;

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administration and execution of testaments;

loan products such as apartment loans; and

deposits, investment trusts and other investment products that utilize trusts.

Others

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

Mizuho Private Wealth Management

Mizuho Private Wealth Management offers comprehensive, integrated and continuous wealth management 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 provides financial institutions and institutional investors with trust and custody services and outsourcing services for securities custody. In addition, we offer account management services developed in response to reforms in the Japanese securities settlement systems and securities lending services to meet customer needs.

Asset Management Companies

In July 2007, Dai-Ichi Kangyo Asset Management Co., Ltd. and Fuji Investment Management Co., Ltd. merged to form Mizuho Asset Management Co., Ltd. to consolidate their respective business platforms and accumulated know-how.

Our asset management companies, Mizuho Asset Management and DIAM Co., Ltd. (formerly known as DLIBJ Asset Management Co. Ltd. and currently 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.

Others

Mizuho Information & Research Institute Inc.

Mizuho Information & Research Institute 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 Ltd.

Mizuho Research Institute 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.

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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 Post Bank and the 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.

Japanese Banking and Securities Industry

Private banking institutions in Japan are normally classified into two categories: (i) ordinary banks, of which there were 129 as of March 31, 2008, not including foreign commercial banks with banking operations in Japan; and (ii) trust banks, of which there were 20 as of March 31, 2008, 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.

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As of March 31, 2008, there are 64 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 have been organized in order to supplement the activities of the private banking institutions, such as The Development Bank of Japan, The Japan Bank for International Cooperation, Japan Finance Corporation for Small and Medium Enterprise, and the Agriculture, Forestry and Fisheries Finance Corporation. These institutions are government-owned and operate under its supervision through senior officials appointed by the government. However, they are currently in the process of privatization or consolidation. Japan Housing Finance Agency also 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 recent years, the governmental postal business has been undergoing a process of privatization. In 2003, 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 is scheduled to be completed by 2017 at the latest.

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. In recent years, there have been cases where foreign financial institutions acquired Japanese securities firms and expanded their operations in Japan.

Supervision and Regulation

Japan

Pursuant to the Banking Law (*Ginko 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.

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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.

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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, as stipulated by a cabinet order.

The Deposit Insurance Corporation receives annual insurance premiums from insured banks, the amount of which is, from April 2008, equivalent to 0.108% of the deposits that bear no interest, are redeemable upon demand and are used by depositors primarily for payment and settlement purposes, and 0.081% 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.

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.

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

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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

On September 30, 2007, new legislation became effective which replaced the Securities and Exchange Law (*Shouken Torihiki Hou*) with the Financial Instruments and Exchange Law (*Kinyu Shouhin Torihiki Hou*) and amended various other financial laws to broaden and strengthen investor protection and reduce trading costs through deregulation and elimination or easing of certain excessive regulatory restrictions. The new regime under the Financial Instruments and Exchange Law includes, among other measures, (1) the development of comprehensive and cross-sectoral regulations covering a wide range of financial instruments; (2) the enhancement of corporate disclosure, requiring listed companies to file quarterly reports, audited internal control reports assessing the effectiveness of internal control structures for financial reporting and confirmation of the content of annual reports; (3) the expansion of the duties of financial institutions to provide customers with detailed disclosure regarding the financial products they offer and other measures to protect investors; and (4) the easing of regulations through flexible application depending on the type of investor (professional or general public).

Mizuho Financial Group is required 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 pursuant to the Financial Instruments and Exchange Law.

On June 13, 2008, amendments to the Financial Instruments and Exchange Law and the Banking Law, among others, which are intended to strengthen the competitiveness of the financial market and the capital market of Japan, were promulgated. The amendments will, among others, revamp the current firewall regulations regarding the holding of concurrent offices among banks, securities firms and insurance firms, introduce a system to manage conflicts of interest among such financial institutions and expand business services that banks and certain other financial firms can provide. The amendments will come into effect within one year of promulgation, except for certain amendments which have or will come into effect at earlier dates.

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 financial service providers 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. Financial institutions are required to analyze their assets, giving due consideration

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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 Share Holdings

The Law Concerning Restriction on Shareholdings by Banks (*Ginko 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.

Deferred Tax Assets

Under regulations promulgated by the Financial Services Agency that became effective in March 2006, 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 ratios was reduced to 40%, 30%, and 20% of Tier 1 capital as of March 31, 2006, 2007 and 2008, respectively, and will remain at 20% thereafter.

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

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companies with international operations, such as Mizuho Financial Group. These guidelines place considerable emphasis on tangible common shareholders' equity as the core element of the capital base, with appropriate recognition of other components of capital.

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

Japanese banks with only domestic operations 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.

In June 2004, the Basel Committee 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 assets. The better the credit rating of an obligor is, the lower the risk weight applicable to the risk 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 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 ado