MIZUHO FINANCIAL GROUP INC
Form 6-K
February 12, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of February, 2009

Commission File Number 001-33098

Mizuho Financial Group, Inc.

(Translation of registrant s name into English)

5-1, Marunouchi 2-chome

Chiyoda-ku, Tokyo 100-8333

Japan

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82- .

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 12, 2009

Mizuho Financial Group, Inc.

By:	/s/ Terunobu Maeda
Name:	Terunobu Maeda
Title:	President & CEO

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Recent Developments

The following is a summary of significant business developments since March 31, 2008 relating to Mizuho Financial Group.

Operating Environment

After years of persistent weakness beginning in the 1990s, the Japanese economy gradually improved over the years by confronting structural issues such as deflationary pressures, excess capacity, excess employment and excess leverage. However, in the fiscal year ended March 31, 2008, the global economy began to weaken due to the effects of the dislocation in the global financial markets. The U.S. and European economies, in particular, have continued to worsen thereafter, with financial results in the finance and industrial sectors deteriorating significantly, and other economies have also weakened significantly. Declines in global demand and the significant strengthening of the yen have adversely affected Japan s export sector leading to overall weakness in the Japanese economy, particularly in the second half of the fiscal year ending March 31, 2009. Key indicators of economic conditions in recent periods include the following:

- Japan s real gross domestic product on a quarterly basis, compared to the corresponding period of the previous year, increased by 1.4% and 0.7% in the first and second quarters of calendar 2008, but decreased by 0.5% in the third quarter of the same year. The Japanese Government expressed in its monthly economic report that the Japanese economy is weakening recently in August 2008, weakened further in October 2008, worsening in December 2008 and worsening rapidly in January 2009.

- The Bank of Japan announced that it lowered its target for the uncollateralized overnight call rate from 0.5% to 0.3% in October 2008 and to 0.1% in December 2008.

- The Nikkei Stock Average, which is an index based on the average of the price of 225 stocks listed on the Tokyo Stock Exchange, decreased by 10.1% to ¥11,259.86 as of September 30, 2008 compared to March 31, 2008 and continued to decrease to ¥8,859.56 as of December 30, 2008 and ¥7,994.05 as of January 30, 2009, recording a low of ¥7,162.90 in October 27, 2008, which was the lowest since October 1982.

- According to Teikoku Databank, a Japanese research institution, there were approximately 6,343 corporate bankruptcies in Japan in the six months ended September 30, 2008, involving approximately ¥8.5 trillion in total liabilities, which include the bankruptcy of the Japanese subsidiary of Lehman Brothers. This was an increase of 15.3% and 8.8% compared to approximately 5,503 and 5,830 corporate bankruptcies, involving approximately ¥2.9 trillion and ¥2.7 trillion in total liabilities in the six months ended September 30, 2007 and the six months ended March 31, 2008, respectively.

- The Japanese yen to U.S. dollar spot exchange rate, according to the Bank of Japan, was ¥99.37 to $1.00 as of March 31, 2008. After weakening to ¥110.34 to $1.00 as of August 15, 2008, which was the weakest since April 1, 2008, the yen strengthened to ¥104.76 to $1.00 as of September 30, 2008. Thereafter, the yen continued to strengthen to ¥87.92 to $1.00 as of December 18, 2008, was ¥90.28 to $1.00 as of December 30, 2008 and was ¥ 89.51 to $1.00 as of January 30, 2009.

These conditions negatively impacted our operating results in the six months ended September 30, 2008 in the form mainly of increased credit-related costs and losses related to declines in domestic stock markets. We recorded a provision for loan losses of ¥136.2 billion in the six months ended September 30, 2008 compared to a credit of ¥63.5 billion in the corresponding period in the previous fiscal year due to an increase in allowance for loan losses as a result mainly of declines in the financial condition of domestic small and medium-sized enterprises (SMEs) mainly in real estate and construction industries, the collapse of Lehman Brothers and the weakening credit status of overseas loans reflecting the global economic downturn. Since September 30, 2008, many major Japanese corporations, particularly those with significant export businesses, have announced significant declines in operating results. If the current strength of the Japanese yen persists or if worldwide demand for Japanese products and services declines further, and if weakness in the Japanese and global economy continues, there can be no assurance that our credit-related costs will not increase significantly in future periods due to further declines in the credit quality of our customers both in and outside of Japan.

Losses related to declines in domestic stock markets incurred in the six months ended September 30, 2008 include investment losses related to equity securities, compared to gains in the six months ended September 30, 2007, due mainly to an increase in impairment losses on equity securities and income tax expense. We recognize impairment losses on marketable equity securities if the securities are deemed other-than-temporarily impaired. We generally deem marketable equity securities with fair value that continues to be below cost for six months or more to be other-than-temporarily impaired. For the six months ended September 30, 2008, impairment losses on available-for-sale securities were ¥198.3 billion, and most of this amount was attributable to marketable equity securities. Income tax expense increased due mainly to a significant increase in valuation allowance for deferred tax assets reflecting primarily changes in our estimation of future taxable income as a result of a decrease in net unrealized gains on available-for-sale securities of ¥593.3 billion. On the balance sheet, the decline in accumulated other comprehensive income, net of tax, from ¥920.1 billion as of March 31, 2008 to ¥546.8 billion as of September 30, 2008 was attributable mainly to the decrease in net unrealized gains on marketable equity securities within available-for-sale securities. Additionally, net unrealized gains/losses on available-for-sale securities, based on Japanese GAAP, affects our capital adequacy ratios. The Nikkei Stock Average has declined 31.6% to ¥7,705.36 as of February 12, 2009 compared to September 30, 2008, continuing the trend of decline during the first half of the current fiscal year, and we are subject to further negative impacts from declines in domestic stock markets during the current fiscal year absent a recovery. In addition, based on current market conditions, we are likely to incur significant impairment losses on our $1.2 billion investment in mandatorily convertible preferred shares of a foreign financial institution made in January 2008. The mandatory conversion date of such preferred shares is October 15, 2010, and the market price of the common stock into which the preferred shares are convertible is currently only a small fraction of the applicable conversion price for the preferred shares.

Declines in domestic stock markets also adversely affect salaries and employee benefits. Salaries and employee benefits increased in the six months ended September 30, 2008 due mainly to the impact of increased employee retirement benefit expenses as a result of a decline in expected return on plan assets, which is calculated using the expected rate of return on plan assets that is determined at the beginning of the fiscal year based on various aspects of long-term prospects for the economy, in addition to historical performance of investments of plan assets and the market environment at the time. The increase in employee retirement benefit expenses was also attributable to the amortization of net actuarial losses that arose from the weak performance of plan assets that fell below the expected return on plan assets during the fiscal year ended March 31, 2008. We may be subject to further increases in employee retirement benefit expenses in the fiscal year ending March 31, 2010, if current low market price levels of domestic stock markets continue through the beginning of such fiscal year when the expected return on plan assets is determined.

Fees and commissions income decreased in the six months ended September 30, 2008 compared to the corresponding period of the previous year due in part to a decrease in sales commissions related to investment trusts which were negatively impacted by market conditions, including weak domestic stock markets that were affected by the dislocation in the global financial markets stemming from U.S. subprime loan issues. Under current unstable market conditions, sales of investment products have significantly decreased due mainly to the growing risk aversion of individuals while balance of deposits from individuals has increased. Although this trend may continue while the current global and domestic economic weakness continues, we do not believe that the general trend in recent years of Japanese individuals to shift their financial assets from savings to investments was only short term and instead believe that the trend will return over the long term.

The impact of the dislocation in the global financial markets stemming from U.S. subprime loan issues has spread widely across the markets for securitization products regardless of whether they involve U.S. subprime mortgage loans. The foregoing market developments have adversely affected our financial condition and results of operations. See Impact of the Dislocation in the Global Financial Markets for more information.

Although we do not prepare quarterly financial information under U.S. GAAP, we reported further developments under Japanese GAAP for the nine months ended December 31, 2008. The negative impact of

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further declines in domestic stock markets and financial condition of domestic SMEs, as well as continued incurrence of losses related to securitization products and declines in net fee and commission income such as sales of investment trusts and individual annuities, resulted in a significant worsening of our results of operations, and the trends in the economic environment underlying such worsening have generally not subsided after December 31, 2008. See our report on Form 6-K furnished to the United States Securities and Exchange Commission on January 30, 2009.

Developments Relating to Our Capital

In June 2008, we redeemed $1.0 billion, $1.6 billion and ¥118.5 billion of non-dilutive preferred securities that were issued by our overseas special purpose companies in February 1998, March 1998 and August 2002, respectively.

In July and December 2008, we issued ¥303.0 billion and ¥355.0 billion, respectively, of non-dilutive preferred securities through our overseas special purpose companies to enhance the Tier 1 capital of Mizuho Financial Group as well as Mizuho Corporate Bank and Mizuho Bank and improve the flexibility of our future capital strategy.

In July 2008, we repurchased a total of 283,500 shares of our common stock on the Tokyo Stock Exchange, through a trust established for this purpose, for ¥150.0 billion. As with the repurchases of our common shares which we have conducted since the fiscal year ended March 31, 2008 (the cumulative amount of repurchases: ¥299.9 billion), they were made for the purpose of, among other things, offsetting the potential dilutive effect of our common shares from the conversion of the Eleventh Series Class XI Preferred Stock (aggregate original issue amount: ¥943.7 billion). In September 2008, we canceled all of the common stock repurchased, except the 7,000 shares to be assigned for the stock compensation-type stock options (stock acquisition rights) of our directors and executive officers.

In December 2008, one of our principle banking subsidiaries, Mizuho Bank, issued ¥77 billion of unsecured subordinated bonds to retail investors in Japan, marking our first issuance of such securities directed to the retail market.

While our basic policy to address the potential dilutive effects, based on market conditions, our earnings trend and other factors remains consistently unchanged, considering the importance of capital under the recent circumstances, we will put more priority on strengthening our capital base through the remainder of the current fiscal year.

Developments Related to Our Business

Expansion of our retail business

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. By September 30, 2008, we had increased the number of Mizuho Mileage Club members to approximately 6.0 million from approximately 5.5 million as of March 31, 2008. We plan to improve the service of Mizuho Mileage Club by reflecting customer needs beginning spring 2009 to increase the retention of high-quality customers effectively and efficiently and to increase the volume of transactions steadily.

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 970,000 as of September 30, 2008. In order to serve them, we have increased the number of financial consultants to 2,822, as of September 30, 2008, that make proposals regarding various investment opportunities. Our goal is to increase the number of our financial consultants to 4,000 over time and further improve the quality of our services by increasing the number of skilled financial consultants. By implementing these measures, the aggregate balance of the main investment products that we sell (including those for which we act as sales agent) increased during the six months ended September 30, 2008, although some of the products such as investment trusts were negatively impacted by adverse market conditions, including declines in domestic stock markets. The balance of investment trusts (excluding MMF) was ¥1.17 trillion, individual annuities was ¥1.52 trillion, foreign currency deposits was ¥0.46

trillion and Japanese government bonds sold to individuals was ¥1.53 trillion, each on a managerial accounting basis as of September 30, 2008. In order to expand the market coverage for individual customers, we plan to increase the number of staffed branches from 423 as of September 30, 2008 to approximately 500. 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. We had 143 locations as of September 30, 2008, which were increased 8 locations compared to as of March 31, 2008. We also increased the number of branches and offices with a designated space for private consultations with customers called Premium Salons to 330 as of September 30, 2008 from 312 as of March 31, 2008 and those with securities consulting booths called Planet Booths, through which we offer the services of Mizuho Investor Securities to 147 as of September 30, 2008 from 134 as of March 31, 2008. In the area of loans to individuals, we released a new unsecured loan product named Mizuho Bank Card Loan in August 2008.

Expansion of our international network

Mizuho Corporate Bank opened a branch in Taichung, Taiwan in April 2008 and a sub-branch in Kowloon, Hong Kong in October 2008. In September 2008, we opened the Madrid representative office of Mizuho Corporate Bank Nederland N.V. In addition, through Mizuho Corporate Bank (China), we established new branches in Qingdao in April 2008 and Guangzhou in September 2008 and received official approval from the China Banking Regulatory Commission to commence preparations for the establishment of a branch in Wuhan. These new branches strengthen our capability to offer various services to our customers in the respective regions.

In July 2008, Mizuho Corporate Bank entered into a Memorandum of Understanding with Tata Capital Limited, the core financial company of India s Tata Group, with an aim to strengthen ties between Mizuho Corporate Bank and Tata Capital in a wide range of business areas, including financial products.

In August 2008, Mizuho Corporate Bank entered into an alliance with Evercore Partners Inc., a boutique investment banking firm in the United States with a strong M&A advisory business. With respect to the alliance with Evercore, we agreed to cooperate not only in the M&A advisory business but also in the asset management area. We believe that the alliance strengthens both businesses.

As for the business initiatives in the international field, we are strengthening capabilities to deliver customer-oriented solutions in focused areas, such as cross border M&As and loan syndication. We are also leveraging our Financial Holding Company (FHC) status in the United States. Since we received FHC status in December 2006, we have established business promotion infrastructure that consists of dual-hatted staff specializing in both banking and securities services in New York, Chicago, Los Angeles, Houston and Atlanta. We have been building a track record in the U.S. corporate bond underwriting business by acting as joint bookrunner in a number of transactions during the six months ended September 30, 2008.

Others

The merger of Mizuho Securities and Shinko Securities

In April 2008, we announced that the effective date of the merger between Mizuho Securities and Shinko Securities , an equity-method affiliate of ours, will be May 7, 2009.

Abolishment of the fractional share system and lowering of the minimum investment amount

On January 4, 2009, we abolished the fractional share system and adopted the unit share system concurrently with the allotment of shares or fractions of a share without consideration. Allotment of shares was made at the rate of 999 shares per 1 share, which in effect increased the number of shares held by shareholders by 1,000 times. In addition, we lowered the current minimum investment amount with respect to our common stock to one tenth by reducing the number of shares constituting 1 unit of shares from 1,000 shares to 100 shares. In conjunction with these changes, we changed the ADSs conversion ratio from 500 ADSs to 1 common share to 1 ADS to 2 common shares.

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Impact of the Dislocation in the Global Financial Markets

The impact of the dislocation in the global financial markets stemming from U.S. subprime loan issues has spread widely across the markets for securitization products, including residential mortgage-backed securities (RMBS) and collateralized debt obligations (CDOs) backed by RMBS, regardless of whether they involve U.S. subprime mortgage loans, leading to significant liquidity problems related to securitization products that have contributed to the declines in the value, and disruption of historical pricing relationships, of such products.

The adverse impact has further expanded to various markets such as asset-backed commercial paper (ABCP) and loans related to leveraged buyout transactions. In addition, structured investment vehicles (SIVs), which are investment vehicles designed to earn a spread between the short-term debt that they issue and the longer-term investments (including the types of securities that were impacted by the market dislocation) that they make, have faced significant liquidity issues in connection with their issuances of short-term debt as a result of rating agency downgrades of their longer-term investments and other related market developments.

The foregoing market developments have adversely affected our financial condition and results of operations. This subsection sets forth information relating to such effects, taking into account the recommendations relating to disclosure contained within the Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience dated April 7, 2008. All figures in this subsection are approximate amounts on a managerial accounting basis used for risk monitoring purposes.

In the six months ended September 30, 2008, our three principal banking subsidiaries, Mizuho Corporate Bank, Mizuho Bank and Mizuho Trust & Banking (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities) and Mizuho Securities (including its overseas subsidiaries) incurred the following losses offset in part by hedging profits:

		Six months ended September 30, 2008 (in billions of yen)
Three principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities):		
Losses on sales of, impairment losses on, and trading losses on securitization products, etc.	¥	(84)
Valuation losses related to loans held for sale mainly in connection with leveraged buyout financings		(19)
Profits from hedging of securitization products exposure with credit default swaps		6
Subtotal		(97)
Mizuho Securities (including its overseas subsidiaries):		
Trading losses (net of hedges) on securitization products in trading account assets		(13)
of which foreign currency-denominated		(9)
Subtotal		(13)
Total	¥	(110)(1)(2)

Notes:

(1) Our other principal securities subsidiary, Mizuho Investors Securities, held only a negligible amount of securitization products as of September 30, 2008, and its related losses were also negligible.

(2) The total figure of ¥110 billion differs from the corresponding figure under Japanese GAAP disclosure due mainly to the following reasons:

Losses on sales of, impairment losses on, and trading losses on securitization products, etc. Difference in recognition criteria for declines in the fair value of securities below cost that are deemed to be other-than-temporary. See Reconciliation with Japanese GAAP 2. Investments in our annual report on Form 20-F filed with the U.S. Securities and Exchange Commission on September 4, 2008

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for further information. In addition, following the adoption of SFAS No. 159, we elected the fair value option for foreign currency-denominated available-for-sale securities, including foreign currency-denominated securitization products, on April 1, 2008, resulting in the change in fair value of those securities being recognized in earnings under U.S. GAAP. See note 15 to our consolidated financial statements included elsewhere in this report for further information.

Valuation losses related to loans held for sale. Difference in the calculation of losses related to loans held for sale. Reserves for possible losses on sales of loans under Japanese GAAP do not include relevant general and specific reserves for possible losses on such loans, while valuation losses related to loans held for sale under U.S. GAAP are generally equivalent to the aggregate amount of losses related to reserves for possible losses on sales of loans and reserves for possible losses on such loans under Japanese GAAP.

Securitization Products

We continue to hold a significant amount of securitization products. The balance of securitization products held as of September 30, 2008 by our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities) was approximately ¥3,543 billion, of which approximately ¥693 billion was foreign currency-denominated. Similarly, the balance held by Mizuho Securities (including its overseas subsidiaries) was approximately ¥256 billion, of which approximately ¥40 billion was foreign currency-denominated.

We reduced significantly the amount of securitization products, in particular foreign currency-denominated securitization products held by Mizuho Securities, from March 31, 2008. As of March 31, 2008, the balance of securitization products held by our principal banking subsidiaries was approximately ¥4,039 billion, of which approximately ¥889 billion was foreign currency-denominated. Similarly, the balance held by Mizuho Securities (including its overseas subsidiaries) was approximately ¥351 billion, of which approximately ¥105 billion was foreign currency-denominated.

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The following tables show a breakdown of foreign currency-denominated securitization products held by (i) our principal banking subsidiaries and their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities (available-for-sale securities and trading securities) and (ii) Mizuho Securities and its overseas subsidiaries (trading securities, net of hedges), as of September 30, 2008:

	As of March 31, 2008		Changes in the six months ended September 30, 2008			As of September 30, 2008			Six months ended September 30, 2008	As of September 30, 2008
	Balance (fair value)	Marks (%) (fair value)/ (face value)	Gains (losses) (Realized + Changes in unrealized)	Forex rates	Sales, etc.	Balance (fair value)	Marks (%) (fair value)/ (face value)	Unrealized gains (losses)	Realized gains (losses)	Hedged proportions within balance (fair value)(1)
	(in billions of yen, except percentages)									
Foreign currency-denominated securitization products held by our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities):										
ABSCDOs, CDOs	¥ 126	51%	¥ (26)	¥ (1)	¥ (22)	¥ 79	34%	¥ (4)	¥ (29)	approx. 20%
CDOs backed by RMBS	36	28	(20)	1	(1)	17(2)	12	0	(20)	
CDOs except above	90(3)	77	(6)	(2)	(20)	62(3)	65	(4)	(9)	approx. 30%
CDOs backed by claims against corporations	90(4)	77(4)	(6)(4)	(2)(4)	(20)(4)	62(4)	65(4)	(4)(4)	(9)(4)	approx. 30%
CDOs backed by commercial mortgage-backed securities (CMBS)										
RMBS	319	86	(37)	(18)	(24)	240	72	(21)	(38)	approx. 60%
RMBS with underlying assets in the United States	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	
RMBS except above (with underlying assets mainly in Europe)	319	86	(37)	(18)	(24)	240	72	(21)	(38)	approx. 60%
ABS, collateralized loan obligations (CLOs) and others	444	85	(14)	(3)	(52)	374	81	(37)	(18)	approx. 40%
CLOs	195(4)	86(4)	(5)(4)	5(4)	(9)(4)	186(4)	84(4)	(29)(4)	(9)(4)	approx. 50%
ABS	169	93	(6)	(3)	(42)	119	87	(4)	(6)	approx. 30%
CMBS	79	89	(3)	(5)	(2)	70	84	(4)	(3)	approx. 50%
SIV-related									(0)	
Total	¥ 889	78%	¥ (77)	¥ (22)	¥ (98)	¥ 693	68%	¥ (61)	¥ (84)	approx. 50%

Notes:

(1) Represents the proportions of balances (fair value) of our securitization products that constitute reference assets of our securitization schemes that transferred credit risk to third parties through maturity, using credit default swaps (CDSs) or otherwise. In some of these securitization schemes, a portion of the credit risk of the reference assets remained with us through our retaining a small first loss position and a portion of senior tranches. As of September 30, 2008, the hedges included approximately ¥194 billion (on a notional amount basis) of credit default swaps entered into with a A- rated financial services subsidiary of a multi-line insurance company and approximately ¥104 billion (on a notional amount basis) of credit default swaps entered into with a AA- rated government-affiliated financial institution. The ratings were based on the lowest external ratings as of September 30, 2008. The rating of the above-mentioned financial services subsidiary was under review for possible downgrade as of January 31, 2009.

(2) The proportion of U.S. subprime mortgage loan-related assets to total underlying assets of this CDO was up to approximately 30%. The entire balance (fair value) was super senior tranche.

(3) The entire balance consisted of securitization products backed by original assets (i.e., non-securitized assets).

(4) Re-classified a part of the securitization products, which had been categorized in CDOs backed by claims against corporations in the above table as of March 31, 2008, to CLOs after a review of the definition of each category.

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(5) Excluded U.S. government-owned corporation bonds and government-sponsored enterprise bonds. The total balance of U.S. government-owned corporation (Ginnie Mae) bonds and government-sponsored enterprise (Fannie Mae and Freddie Mac) bonds held was approximately ¥871 billion (of which approximately ¥868 billion was RMBS guaranteed by the Government National Mortgage Association (Ginnie Mae), a corporation wholly-owned by the U.S. government). There was no holding of stocks of these entities.

(6) In addition to the above ¥693 billion of foreign currency-denominated securitization products held by our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities), a portion of our consolidated VIEs that are ABCP conduits held securitization products. See note 2 to the table Consolidated multi-seller asset-backed commercial paper/loan programs of which acquired assets are located overseas in Recent Developments Our Special Purpose Entities Variable Interest Entities (VIEs).

	As of March 31, 2008		Changes in the six months ended September 30, 2008			As of September 30, 2008		Six months ended September, 30, 2008
	Balance (fair value)	Marks (%) (fair value)/ (face value)	Realized Losses	Forex rates	Sales, etc.	Balance (fair value)	Marks (%) (fair value)/ (face value)	Realized gains (losses)
	(in billions of yen, except percentages)							
Foreign currency-denominated securitization products held by Mizuho Securities (including its overseas subsidiaries):								
ABSCDOs, CDOs	¥ 50	18%	¥ (7)	¥ 1	¥ (33)	¥ 11	4%	¥ (7)
CDOs backed by RMBS	24	10	(7)	1	(7)	11[1]	4	(7)
Hedged by CDS with a non-investment grade[2] U.S. monoline insurer that we deemed to be ineffective (net of allowances)	11[2]	17[2]	[2]	[2]	[2]	[2]	[2]	[2]
CDOs except above	26[3][4]	83[4]	0[4]	0[4]	(26)[4]	[4]	[4]	0[4]
CDOs backed by claims against corporations	16	92			(16)			
Hedged by CDS with a non-investment grade[2] U.S. monoline insurer that we deemed to be ineffective (net of allowances)	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
CDOs backed by CMBS	0	8	0	0	0			0
RMBS	53	27	0	2	(52)	3	6	0
RMBS backed by U.S. subprime mortgage loans	15	31	0	1	(15)	0	8	0
RMBS except above (backed by mid-prime loans, prime loans and others)	38[5]	26[5]	0[5]	1[5]	(37)[5]	3[5]	5[5]	0[5]
RMBS backed by mid-prime loans (Alt-A)	19	26		(18)		1	6	
ABS, CLOs and others	2	67	(2)	1	26	26	86	(2)
CLOs	2[4]	73[4]	(2)[4]	1[4]	26[4]	26[4]	87[4]	(2)[4]
CMBS	0	43	(0)	0	(0)	0	42	(0)
Total	¥ 105	22%	¥ (9)	¥ 4	¥ (60)	¥ 40	12%	¥ (9)

Notes:

(1) The proportion of U.S. subprime mortgage loan-related assets to total underlying assets was approximately 10%. Approximately 50% of the balance (fair value) was super senior tranche.

(2) Credit ratings are based on external ratings as of March 31, 2008. The hedging transaction was terminated in August 2008 and the figures related to the exposures are included in CDOs backed by RMBS .

(3) The entire balance consisted of securitization products backed by original assets (i.e., non-securitized assets).

(4) Re-classified the securitization products, which had been categorized in CDOs except above in the above table as of March 31, 2008, to CLOs after a review of the definition of each category.

(5) Excluded U.S. government-owned corporation bonds and government-sponsored enterprise bonds. The total balance of RMBS, which were issued or guaranteed by the U.S. government-owned corporation (Ginnie Mae) or government-sponsored enterprises (Fannie Mae and Freddie Mac) was minimal (a few hundred million Japanese yen). Approximately ¥154 billion of the corporate bonds issued by Fannie Mae and Freddie Mac was held for the purpose of, among other things, market-making activities in the United States, and all the bonds were subject to mark-to-market accounting so that there were no unrealized losses (the recorded losses in the six months ended September 30, 2008 were negligible). There was no holding of stocks of these entities.

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The following table shows a breakdown by credit ratings of the counterparties and reference assets of credit default swaps held by Mizuho Securities (including its overseas subsidiaries) as of September 30, 2008:

	As of September 30, 2008			
	Notional amount (A)	Fair value of reference asset (B)	Amount to be claimed at settlement (Net present value) (A) (B) (any cash received) = (C)	Reserves for (C) (Counterparty risks)
	(in billions of yen)			
Credit default swaps held by Mizuho Securities (including its overseas subsidiaries):				
AAA[1]	¥ 174	¥ 141	¥ 33	¥ 10
RMBS CDOs				
Other CDOs (backed by claims against corporations)	174	141	33	10
of which counterparties are U.S. monoline insurers[2]	85	76	10	6
AA[1]	176	156	19	1
RMBS CDOs	39	33	6	0
Other CDOs (backed by claims against corporations)	137	123	13	1
A to BBB[1]	21	0	0	0
RMBS CDOs	21(3)	0(3)	0(3)	0
Other CDOs (backed by claims against corporations)				
Non-investment grade or no ratings[1]				
RMBS CDOs				
Other CDOs (backed by claims against corporations)				
Total	¥ 370	¥ 298	¥ 52	¥ 11
Of which counterparties are U.S. monoline insurers[2]	¥ 85	¥ 76	¥ 10	¥ 6

Notes:

(1) Credit ratings are based on external ratings as of September 30, 2008. Categorized by the lowest rating when multiple ratings exist. When the counterparty was guaranteed by third parties, categorized by the higher rating of the two. Special purpose vehicles that do not have issuer ratings are categorized by the parties to which final risk resided.

(2) One of the rating agencies downgraded a U.S. monoline insurer after September 30, 2008 (AA- equivalent rating as of January 31, 2009).

(3) The difference between the notional amount and fair value of reference asset (approximately ¥21 billion) was received in cash from a credit protection seller, and thus the net present value for that portion became nil with no counterparty risk.

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The following tables show breakdowns based on credit ratings and geographic distribution of foreign currency-denominated securitization products held by (i) our principal banking subsidiaries and their overseas subsidiaries but excluding subsidiaries of Mizuho Securities (available-for-sale securities and trading securities) and (ii) Mizuho Securities and its overseas subsidiaries (trading securities, net of hedges), as of September 30, 2008:

	As of September 30, 2008						
	RMBS CDOs	Other CDOs	RMBS	CLOs	ABS	CMBS	Total
	(in billions of yen, except percentages)						
Foreign currency-denominated securitization products held by our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities):							
Balance (fair value)	¥ 17	¥ 62	¥ 240(1)	¥ 186	¥ 119(2)	¥ 70	¥ 693
By credit rating:							
AAA	0%	45%	11%	94%	19%	33%	40%
AA	0	18	39	0	8	40	21
A	0	32	37	0	40	27	25
BBB	0	6	12	0	33	0	10
BB or lower; no ratings	100	0	0	6	0	0	4
By geography:							
United States	100%	26%	0%	91%	29%	0%	34%
Europe	0	74	90	9	71	100	63
Asia	0	0	10	0	0	0	3

Notes:

(1) Breakdowns of RMBS on a country-by-country basis and based on year of issuance are as follows:

United Kingdom	46%	2004	6%
Netherlands	22	2005	41
Spain	16	2006	33
Others	16	2007	18

(2) Major underlying assets of ABS are as follows:

Credit card receivables	47%
Lease/auto loan receivables	38
Others	15

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	As of September 30, 2008				
	RMBS CDOs	U.S. subprime RMBS	Other RMBS	CLOs	Total
	(in billions of yen, except percentages)				
Foreign currency-denominated securitization products held by Mizuho Securities (including its overseas subsidiaries):					
Balance (fair value)	¥ 11	¥ 0(1)	¥ 3(1)	¥ 26	¥ 40
By credit rating:					
AAA	0%	0%	0%	31%	20%
AA	0	34	10	21	15
A	1	0	4	0	1
BBB	4	0	6	41	28
BB or lower; no ratings	94	66	81	6	36
By geography:					
United States	100%	100%	100%	64%	77%
Europe	0	0	0	1	0
Asia	0	0	0	35	23

Note:

(1) A breakdown based on year of issuance of RMBS backed by U.S. subprime mortgage loans and other RMBS combined is as follows:

2006	17%
2007	80

The following table shows a breakdown of yen-denominated securitization products held by (i) our principal banking subsidiaries and their overseas subsidiaries but excluding subsidiaries of Mizuho Securities (available-for-sale securities) and (ii) Mizuho Securities and its overseas subsidiaries (trading account assets, net of hedges), as of September 30, 2008:

	Our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities)		Mizuho Securities (including its overseas subsidiaries)	
	Balance (fair value) as of September 30, 2008	Unrealized gains (losses) as of September 30, 2008	Balance (fair value) as of September 30, 2008	Realized gains (losses) in the six months ended September 30, 2008
	(in billions of yen)			
Japanese yen-denominated securitization products	¥ 2,850	¥ (21)(1)	¥ 216	¥ (4)
ABSCDOs, CDOs	117	(5)	47	(1)
CDOs backed by RMBS			1	(0)
CDOs except above	117	(5)	46	(1)
CDOs backed by claims against corporations	112	(5)	46	(1)
CDOs backed by CMBS	5	(0)		
RMBS(2)	1,269	(3)	15	(1)
ABS, CLOs and others	1,465	(14)	154	(3)
CMBS	934	(13)	12	(0)
ABS	461	(0)	140	(3)
CLOs	71	(1)	2	

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Notes:

(1) Realized losses for our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities) for the six months ended September 30, 2008 was negligible.

(2) Represents RMBS originated by Japanese financial institutions and others (Japan Housing Finance Agency Bonds were excluded). Balances of Japan Housing Finance Agency Bonds held by our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities) and Mizuho Securities (including its overseas subsidiaries) as of September 30, 2008 were approximately ¥240 billion and ¥14 billion respectively.

Other Relevant Information Relating to Our Principle Banking Subsidiaries

Loans held for sale

As of September 30, 2008, we had a total of approximately ¥586 billion in loans held for sale (on a managerial accounting basis, after valuation losses, which includes on-balance and off-balance-sheet figures) including approximately ¥29 billion in undrawn commitments (including those categorized as impaired loans) related mainly to overseas leveraged buyout financings. In the six months ended September 30, 2008, we incurred valuation losses related to such loans held for sale of approximately ¥19 billion. Of the balance of such loans held for sale, 94% constituted loans in Europe, 2% in Japan, 3% in the Americas and 1% in Asia (ex-Japan). Out of the above-mentioned ¥586 billion, leveraged buyout and management buyout related loans held for sale amounted to approximately ¥532 billion. In the six months ended September 30, 2008, we incurred valuation losses of approximately ¥17 billion with respect to such leveraged buyout and management buyout related loans. As of September 30, 2008, the top five loans, in terms of amount of loan balance, represented approximately 88% of total loans held for sale. Under Japanese GAAP (on a managerial accounting basis), the total balance of loans related to leveraged buyout financings, including loans held for sale and loans held within our loan portfolio, was ¥1.6 trillion of which ¥0.6 trillion was included in loans held for sale. Of the balance of loans related to leveraged buyout financings, 63% constituted loans in Europe, 20% in the Americas, 10% in Asia (ex-Japan) and 7% in Japan. The balances include commitments that had not been drawn but for which documentation had been concluded.

Securitization products guaranteed by U.S. monoline insurers

As of September 30, 2008, approximately ¥20 billion of securitization products backed by auto lease receivables were guaranteed by U.S. monoline insurers. These assets are included in the acquired assets of asset-backed commercial paper/loan programs mentioned in Recent Developments Our Special Purpose Entities Variable Interest Entities (VIEs) below. The decrease of approximately ¥6 billion from March 31, 2008 was due to the redemption at maturity of securitization products backed by credit card receivables. The programs were sponsored by Mizuho Corporate Bank and no U.S. subprime mortgage loan-related assets were included in the underlying assets. Although some of the monoline insurers that provided the above guarantees were rated non-investment grade (based on external credit ratings), there were no particular concerns regarding the condition of the underlying assets as of September 30, 2008.

Loans guaranteed by U.S. monoline insurers

Approximately ¥16 billion of Mizuho Corporate Bank s loan commitments to overseas infrastructure projects (of which approximately ¥7 billion was drawn) was guaranteed by U.S. monoline insurers. No U.S. subprime mortgage loan-related exposure was included. Although some of the monoline insurers that provided the above guarantees were rated non-investment grade (based on external ratings), there were no particular concerns regarding the credit condition of the projects as of September 30, 2008.

SIV-related

In the fiscal year ended March 31, 2008, we wrote off our investments and loan exposures to SIVs, which resulted in credit-related costs associated with SIVs of ¥21 billion. As a result, we had no investments or loan exposures to SIVs as of September 30, 2008. There were no SIVs that were established by us or to which we provided liquidity support and other assistance.

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Other

As of September 30, 2008, we had a total of approximately ¥48 billion in outstanding loans to U.S. mortgage lenders mainly for their working capital, and all of those companies were rated investment grade by external ratings (with approximately 40% of those companies (based on loan amount) having ratings of A range or higher). As of September 30, 2008, we had no subprime-related warehouse loans, or loans that provide interim funding to other financial institutions while they accumulate assets for a new asset-backed securities issuance.

As shown above, we continue to hold a significant amount of assets that are exposed to the risk of further declines in value or that may otherwise lead to further losses. While we will endeavor to continue reducing the amount of foreign securitization products through sales or other measures, our exposure to assets that are subject to such risks may increase in the future depending on market conditions and other factors. Although we do not prepare quarterly financial information under U.S. GAAP, we reported further developments under Japanese GAAP for the nine months ended December 31, 2008. We recorded losses while reducing the amount of securitization products as disclosed in our report on Form 6-K furnished to the United States Securities and Exchange Commission on January 30, 2009. Market conditions have continued to deteriorate after December 31, 2008, and we may be subject to additional losses in subsequent periods absent a market recovery.

Our Special Purpose Entities

Our use of special purpose entities relates mainly to variable interest entities, or VIEs and qualifying special purpose entities, or QSPEs. The following sets forth information regarding our VIEs and QSPEs, taking into account the recommendations relating to disclosure contained within the Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience.

Variable Interest Entities (VIEs)

Our VIEs are distinguished between those that are consolidated for purposes of our consolidated financial statements and those that are not. VIEs are consolidated if we are deemed to be the primary beneficiary of those VIEs. With respect to certain unconsolidated VIEs, we determined that, while we were not the primary beneficiary, they were significant unconsolidated variable interest entities due to our significant variable interests. In the normal course of business, we are involved with VIEs primarily through the following types of transactions:

- asset-backed commercial paper/loan programs;
- asset-backed securitizations;
- investments in securitization products;
- investment funds; and
- trust arrangements and other.

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The following table shows the amount of assets held by consolidated or significant unconsolidated VIEs related to each type of transaction:

	As of September 30, 2008			
	Total assets of consolidated and significant unconsolidated VIEs	Consolidated VIEs	Significant unconsolidated VIEs	
		Consolidated assets	Total assets	Maximum exposure to loss(1)
	(in millions of yen)			
Asset-backed commercial paper/loan programs	¥ 2,710,261	¥ 2,710,261	¥	¥
Asset-backed securitizations	2,291,040	720,176	1,570,864	42,811
Single-seller programs	92,019	82,102	9,917	10,000
Investments in securitization products	112,267	112,267		
Investment funds	3,743,015	893,017	2,849,998	455,892
Trust arrangements and other	968,927		968,927	441,311
Total	¥ 9,825,510	¥ 4,435,721	¥ 5,389,789	¥ 940,014

Note:

(1) Maximum exposure to loss is the contractual or notional amounts of liquidity facilities and other off-balance-sheet credit related support or principal amount of financing and is not indicative of the ongoing exposure which is managed within our risk management framework.

Asset-backed commercial paper/loan programs in the above table consist of multi-seller programs that we manage, which provide our clients with off-balance-sheet and/or cost-effective financing. Asset-backed securitizations in the above table consist of non-multi-seller programs that we arrange, which include various types of structured financings to meet clients various off-balance-sheet financing needs (referred to as single-seller programs in this subsection) and CDOs, CLOs or other repackaged instruments that are issued by VIEs to meet clients or investors financial needs.

We generally provide liquidity and credit support facilities and other financing to VIEs related to the multi- and single-seller programs, and as a result, these VIEs are generally treated as consolidated VIEs.

See note 14 in our consolidated financial statements included elsewhere in this report for further descriptions regarding the above transaction types including those other than the two described above.

Asset-backed commercial paper/loan programs

VIEs categorized under asset-backed commercial paper/loan programs consist of conduits for multi-seller programs. These VIEs purchase receivables from participating clients and other financial assets to meet off-balance-sheet or liquidity needs. The following tables show certain information related to such multi-seller asset-backed commercial paper/loan programs and their acquired assets as of September 30, 2008. All figures in the tables below and in the accompanying footnotes are approximate amounts based on a managerial accounting basis used for risk monitoring purposes.

	As of September 30, 2008 (in millions of yen)
Consolidated multi-seller asset-backed commercial paper/loan programs:	
Total assets held by conduits	¥ 2,710,261
Total commercial paper issued by conduits	259,840
Liquidity, credit support facilities and other financing(1)	7,053,109

Note:

(1) Liquidity, credit support facilities and other financing include conditional and unconditional liquidity and credit facilities as well as loans actually provided.

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	Geographic distribution as of September 30, 2008			
	Japan	United States	Others	Total
Consolidated multi-seller asset-backed commercial paper/loan programs:				
Type of acquired assets:				
Credit cards	3%	1%	0%	4%
Residential mortgage loans	0	0	0	0
Auto loans	2	0	0	2
Lease payment receivables	5	2	0	7
Account and note receivables	79	2	0	81
Real estate	0	0	0	0
Others	3	1	1	5
Total	93%	7%	1%	100%

	As of September 30, 2008									
	Credit ratings[1]						Balances by expected maturity			
	AAA	AA	A	BBB	BBor lower; no ratings	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Consolidated multi-seller asset-backed commercial paper/loan programs of which acquired assets are in Japan:										
Type of acquired assets:										
Credit cards	0%	0%	2%	0%	0%	3%	3%	0%	0%	3%
Residential mortgage loans	0	0	0	0	0	0	0	0	0	0
Auto loans	0	0	0	0	2	2	1	1	0	2
Lease payment receivables	1	0	4	0	1	5	2	3	0	5
Account and note receivables	1	1	31	28	18	79	78	1	0	79
Real estate	0	0	0	0	0	0	0	0	0	0
Others	0	0	1	1	1	3	3	0	0	3
Total	2%	2%	38%	30%	21%	93%	86%	6%	0%	93%

Note:

(1) Credit ratings are based on internal credit ratings.

	As of September 30, 2008									
	Credit ratings[1]						Balances by expected maturity			
	AAA	AA	A	BBB	BB or lower; no ratings	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Consolidated multi-seller asset-backed commercial paper/loan programs of which acquired assets are located overseas:										
Type of acquired assets:										
Credit cards	0%	0%	1%	0%	0%	1%	0%	1%	0%	1%
Residential mortgage loans	0	0	0	0	0	0	0	0	0	0
Auto loans	0	0	0	0	0	0	0	0	0	0

Lease payment receivables	0	0	0	0	1	2	1	1	0	2
Account and note receivables	0	0	2	0	0	2	2	0	0	2
Real estate	0	0	0	0	0	0	0	0	0	0
Others	0	0	1	0	1	2	1	0	0	2
Total[2]	0%	0%	4%	1%	2%	7%	5%	2%	0%	7%

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Notes:

(1) Credit ratings are based on internal credit ratings.
(2) Of the above assets acquired by asset-backed commercial paper/loan programs, approximately ¥200 billion was held by overseas ABCP conduits, of which approximately ¥91 billion was securitization products backed by auto lease receivables, credit card receivables and others (of which approximately ¥20 billion was guaranteed by U.S. monoline insurers as described in Recent Developments Impact of the Dislocation in the Global Financial Markets Securitization Products Guaranteed by U.S. Monoline Insurers).

Asset-backed securitizations

VIEs categorized under asset-backed securitizations include several single-seller programs used for the purpose of off-balance-sheet financing for our corporate customers, to which we provide liquidity and credit support facilities and other financing and are thus generally consolidated. Typically, VIEs related to single-seller programs, purchase corporate claims such as account receivables from our corporate customers and provide factoring services. Those claims are generally generated in the normal course of the on-going businesses of our Japanese corporate customers in Japan, and thus we view the risks related to our providing liquidity and credit support facilities and other financing to be relatively limited under current circumstances. The aggregate amount of assets of such single-seller VIEs was ¥92 billion as of September 30, 2008.

VIEs categorized under asset-backed securitizations also include VIEs that issue CDOs, CLOs or other repackaged instruments that we arrange. The aggregate amounts of assets held by VIEs that issue CDOs categorized as consolidated VIEs and significant unconsolidated VIEs were ¥90 billion and ¥167 billion, respectively. Our maximum exposure to loss with respect to such significant unconsolidated VIEs was negligible.

Losses relating to VIEs that issue such CDOs, CLOs or other repackaged instruments due to the dislocation in the global financial markets as of September 30, 2008 are generally reflected in our financial statements either through consolidation in the case of consolidated VIEs or through a decline in the value of our interest in VIEs in the case of unconsolidated VIEs. The risk exposure of securitization products related to VIEs that issue such CDOs, CLOs or other repackaged instruments is included in the information set forth in Recent Developments Impact of the Dislocation in the Global Financial Markets based on a managerial accounting basis used for risk monitoring purposes.

Qualifying Special Purpose Entities (QSPEs)

QSPEs are passive entities designed to purchase assets and pass through the cash flows from those assets to the investors and, subject to specified conditions, are generally exempt from consolidation pursuant to FASB Interpretation No. 46. The total assets of our QSPEs were ¥397 billion as of September 30, 2008. The acquired assets of such QSPEs were primarily residential mortgage loans in Japan.

Accounting Changes

See note 2 Recently issued accounting pronouncements to our consolidated financial statements included elsewhere in this report.

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Operating Results

The following table shows certain information as to our income, expenses and net income for the six months ended September 30, 2007 and 2008:

	Six months ended September 30, 2007	2008	Increase (decrease)
	(in billions of yen)		
Interest and dividend income	¥ 1,576.8	¥ 1,325.3	¥ (251.5)
Interest expense	1,031.0	689.1	(341.9)
Net interest income	545.8	636.2	90.4
Provision (credit) for loan losses	(63.5)	136.2	199.7
Net interest income after provision (credit) for loan losses	609.3	500.0	(109.3)
Noninterest income	676.2	96.5	(579.7)
Noninterest expenses	738.6	731.5	(7.1)
Income (loss) before income tax expense	546.9	(135.0)	(681.9)
Income tax expense	1.8	317.2	315.4
Net income (loss)	¥ 545.1	¥ (452.2)	¥ (997.3)

Executive Summary

Net interest income increased by ¥90.4 billion, or 16.6%, from the six months ended September 30, 2007 to ¥636.2 billion in the six months ended September 30, 2008 due to a decrease in interest expense of ¥341.9 billion offset in part by a decrease in interest and dividend income of ¥251.5 billion. The decrease in interest and dividend income was due mainly to the decreases in interest income from call loans and funds sold, and receivables under resale agreements and securities borrowing transactions, mainly as a result of the decrease in average yield, reflecting a general decrease in interest rate levels primarily of the U.S. dollar. The decrease in interest expense was due mainly to the decrease in interest expense on short-term borrowings and deposits attributable mainly to the decrease in average interest rates on these liabilities, reflecting a general decrease in interest rate levels primarily of the U.S. dollar. Provision (credit) for loan losses was a provision of ¥136.2 billion in the six months ended September 30, 2008 compared to a credit of ¥63.5 billion in the six months ended September 30, 2007. The provision was mainly a result of an increase in allowance for loan losses due mainly to the deteriorating business environment surrounding SMEs, the impact of the collapse of Lehman Brothers and the weakening credit status of overseas loans reflecting the global economic downturn.

Noninterest income decreased by ¥579.7 billion from ¥676.2 in the six months ended September 30, 2007 to ¥96.5 billion in the six months ended September 30, 2008 due mainly to trading accounts losses and investment losses incurred in the six months ended September 30, 2008 compared to gains in each item in the six months ended September 30, 2007. The trading accounts losses were due mainly to the losses related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risk, that are not eligible for hedge accounting under U.S. GAAP and the losses related to changes in the fair value of foreign currency denominated available-for-sale securities that are elected for fair value treatment under SFAS No. 159. The investment losses were mainly a result of an increase in impairment losses on equity securities reflecting declines in domestic stock markets and an increase in impairment losses on Japanese government bonds.

Noninterest expenses decreased by ¥7.1 billion, or 1.0%, from the six months ended September 30, 2007 to ¥731.5 billion in the six months ended September 30, 2008 due mainly to income from minority interest in consolidated subsidiaries in the six months ended September 30, 2008 compared to an expense in the six months ended September 30, 2007 and a decrease in other noninterest expenses, offset in part by an increase in salaries and employee benefits. Income from minority interest in consolidated subsidiaries was due mainly to the allocation of losses incurred by a consolidated subsidiary to minority shareholders. The decrease in other

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noninterest expenses was due in part to a decrease in valuation losses related to loans held for sale mainly in connection with overseas leveraged buyout financings. Salaries and employees benefits increased due mainly to the effect of increased employee retirement benefit expenses as a result of a decline in expected return on plan assets and the amortization of net actuarial loss.

As a result of the foregoing, income (loss) before income tax expense (benefit) was a loss of ¥135.0 billion in the six months ended September 30, 2008 compared to income of ¥546.9 billion in the six months ended September 30, 2007. Income tax expense increased from ¥1.8 billion in the six months ended September 30, 2007 to ¥317.2 billion in the six months ended September 30, 2008, due mainly to a significant increase in valuation allowance, resulting in a net loss in the six months ended September 30, 2008 of ¥452.2 billion compared to net income of ¥545.1 billion in the six months ended September 30, 2007.

Net Interest Income

The following table shows the average balance of interest-earning assets and interest-bearing liabilities, interest amounts and the annualized average interest rates on such assets and liabilities for the six months ended September 30, 2007 and 2008:

	Six months ended September 30, 2007			2008			Increase (decrease)		
	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate
	(in billions of yen, except percentages)								
Interest-bearing deposits in other banks	¥ 2,206.9	¥ 39.3	3.56%	¥ 2,667.4	¥ 31.1	2.32%	¥ 460.5	¥ (8.2)	(1.24)%
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	16,015.8	323.7	4.03	16,901.0	163.0	1.92	885.2	(160.7)	(2.11)
Trading account assets	14,149.1	31.4	0.44	21,301.5	162.5	1.52	7,152.4	131.1	1.08
Investments	38,707.4	377.9	1.95	30,809.3	197.8	1.28	(7,898.1)	(180.1)	(0.67)
Loans	68,715.9	804.5	2.34	69,009.4	770.9	2.23	293.5	(33.6)	(0.11)
Total interest-earning assets	139,795.1	1,576.8	2.25	140,688.6	1,325.3	1.88	893.5	(251.5)	(0.37)
Deposits	78,374.0	393.1	1.00	76,304.1	295.3	0.77	(2,069.9)	(97.8)	(0.23)
Debentures	4,364.8	13.0	0.59	2,967.4	9.4	0.63	(1,397.4)	(3.6)	0.04
Short-term borrowings(1)	32,802.6	491.9	2.99	32,867.4	266.9	1.62	64.8	(225.0)	(1.37)
Trading account liabilities	11,181.3	28.0	0.50	10,841.3	12.8	0.24	(340.0)	(15.2)	(0.26)
Long-term debt	6,802.9	105.0	3.08	8,377.4	104.7	2.49	1,574.5	(0.3)	(0.59)
Total interest-bearing liabilities	133,525.6	1,031.0	1.54	131,357.6	689.1	1.05	(2,168.0)	(341.9)	(0.49)
Net	¥ 6,269.5	¥ 545.8	0.71	¥9,331.0	¥ 636.2	0.83	¥ 3,061.5	¥ 90.4	0.12

Note:

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

Interest and dividend income decreased by ¥251.5 billion, or 16.0%, from the six months ended September 30, 2007 to ¥1,325.3 billion in the six months ended September 30, 2008 due mainly to decreases in interest and dividend income from investments and call loans and funds sold, and receivables under resale agreements and securities borrowing transactions, offset in part by an increase in interest income from trading account assets. The decrease in interest and dividend income from investments and the increase in interest income in trading account assets were due mainly to the reclassification from investments to trading account assets of foreign currency denominated available-for-sale securities that were elected for fair value treatment under SFAS No. 159 as of April 1, 2008. The election was made to eliminate volatility in earnings that arose from changes in fair value of available-for-sale securities having been accounted for in accumulated other comprehensive income, net of tax, while changes in fair value of foreign currency denominated financial liabilities caused by foreign exchange fluctuation were accounted for in earnings. For further information on the fair value option, see note 15 to our consolidated financial statements included elsewhere in this report. The decrease in interest income from call loans and funds sold, and receivables under resale agreements and securities borrowing transactions was due mainly to a decline in the average yield on foreign transactions, reflecting a general decrease in interest rate levels primarily of the U.S. dollar. The changes in the average yields on interest-earning assets contributed to an overall decrease in interest and dividend income of ¥408.3 billion, and the changes in average balances of interest-earning assets contributed to an overall increase in interest and dividend income of ¥156.8 billion, resulting in the ¥251.5 billion decrease in interest and dividend income.

Interest expense decreased by ¥341.9 billion, or 33.2%, from the six months ended September 30, 2007 to ¥689.1 billion in the six months ended September 30, 2008 due mainly to decreases in interest expenses on short-term borrowings and deposits. These decreases were due mainly to decreases in average interest rates on foreign short-term borrowings and interest-bearing deposits, reflecting a general decrease in interest rate levels primarily of the U.S. dollar. The changes in average interest rates on interest-bearing liabilities contributed to an overall decrease in interest expense of ¥389.6 billion, and the changes in average balances of interest-bearing liabilities contributed to an overall increase in interest expenses of ¥47.7 billion, resulting in the ¥341.9 billion decrease in interest expense.

The decrease of 0.11% in the average yield on loans in the six months ended September 30, 2008 compared to the six months ended September 30, 2007 was smaller than the decrease of 0.23% in the average rate on interest-bearing deposits over the same period. Taking into account only domestic loans and domestic deposits, both the average yield on domestic loans and the average rate on domestic interest-bearing deposits generally leveled out between these periods. As a result of the foregoing, net interest income increased by ¥90.4 billion, or 16.6%, compared to the six months ended September 30, 2007 to ¥636.2 billion. Average interest rate spread rose by 0.12% to 0.83% due mainly to declines in average interest rates on deposits and short-term borrowings, which proportionately more than offset the effect of a decline in average yield on loans and investments, both of which reflect generally declining interest levels primarily of the U.S. dollar.

Provision (Credit) for Loan Losses

We had a provision for loan losses of ¥136.2 billion in the six months ended September 30, 2008, compared to a credit of ¥63.5 billion in the six months ended September 30, 2007. The provision for loan losses was due mainly to the deteriorating business environment surrounding SMEs, the impact of the collapse of Lehman Brothers and the weakening credit status of overseas loans reflecting the global economic downturn. See Financial Condition Loans Provision (credit) for loan losses.

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Noninterest Income

The following table shows a breakdown of noninterest income for the six months ended September 30, 2007 and 2008:

	Six months ended September 30, 2007	2008	Increase (decrease)
	(in billions of yen)		
Fees and commissions:			
Fees and commissions from remittance business	¥ 58.1	¥ 58.1	¥ 0.0
Fees and commissions from deposits, debentures and lending business	43.1	46.1	3.0
Fees and commissions from securities-related business	50.4	29.9	(20.5)
Trust fees	33.0	29.7	(3.3)
Fees for other customer services	122.4	114.8	(7.6)
Total fees and commissions income	¥ 307.0	¥ 278.6	¥ (28.4)
Foreign exchange gains net	6.5	61.7	55.2
Trading account gains (losses) net	227.0	(290.6)	(517.6)
Investment gains (losses) net	52.0	(49.3)	(101.3)
Investment gains (losses) related to bonds	2.2	(37.1)	(39.3)
Investment gains (losses) related to equity securities	39.0	(33.3)	(72.3)
Others	10.8	21.1	10.3
Gains on disposal of premises and equipment	17.1	14.3	(2.8)
Other noninterest income	66.6	81.8	15.2
Total noninterest income	¥ 676.2	¥ 96.5	¥ (579.7)

Noninterest income decreased by ¥579.7 billion from ¥676.2 billion in the six months ended September 30, 2007 to ¥96.5 billion in the six months ended September 30, 2008. The decrease was due mainly to a decrease of ¥517.6 billion in trading accounts gains (losses) net and a decrease of ¥101.3 billion in investment gains (losses) net.

Fees and Commissions

Fees and commissions income decreased by ¥28.4 billion, or 9.3%, from the six months ended September 30, 2007 to ¥278.6 billion in the six months ended September 30, 2008 due mainly to a decrease in fees and commissions from securities-related business, reflecting a decrease in underwriting commissions related to private offerings of debt securities and a decrease in sales commissions related to investment trusts which were negatively impacted by adverse market conditions, including declines in domestic stock markets.

Trading Account Gains (Losses) Net

Trading account gains (losses) net were losses of ¥290.6 billion in the six months ended September 30, 2008 compared to gains of ¥227.0 billion in the six months ended September 30, 2007. The losses were due mainly to the losses related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risk, that are not eligible for hedge accounting under U.S. GAAP and the losses related changes in the fair value of foreign currency denominated available-for-sale securities that were elected for fair value treatment under SFAS No.159 as of April 1, 2008. For further information on the fair value option, see note 15 to our consolidated financial statements included elsewhere in this report. Trading account losses for both periods also included the trading losses on securitization products incurred by an overseas subsidiary of Mizuho Securities in connection with the dislocation in the global financial markets stemming from U.S. subprime loan issues, particularly in the six months ended September 30, 2007. See Recent Developments Impact of the Dislocation in the Global Financial Market.

Investment Gains (Losses) Net

Investment gains (losses) net were losses of ¥49.3 billion in the six months ended September 30, 2008 compared to gains of ¥52.0 billion in the six months ended September 30, 2007. The losses were due mainly to investment losses related to bonds of ¥37.1 billion in the six months ended September 30, 2008, compared to investment gains related to bonds of ¥2.2 billion in the six months ended September 30, 2007, and investment losses related to equity securities of ¥33.3 billion in the six months ended September 30, 2008, compared to investment gains related to equity securities of ¥39.0 billion in the six months ended September 30, 2007. The investment losses related to bonds in the six months ended September 30, 2008 were due mainly to an increase in impairment losses on Japanese government bonds. Investment gains (losses) related to bonds for both periods also include the losses on sales of, and impairment losses on various types of, securitization products due to the impact of the dislocation in the global financial market stemming from U.S. subprime loan issues. See Recent Developments Impact of the Dislocation in the Global Financial Market. These increases of losses were offset in part by the decrease of losses due to reclassification of investment losses related to foreign currency denominated available-for-sale securities from investments gains (losses) to trading account gains (losses) following the adoption of SFAS No. 159 as of April 1, 2008. Investment losses related to equity securities were due mainly to an increase in impairment losses on equity securities reflecting declines in domestic stock markets.

Noninterest Expenses

The following table shows a breakdown of noninterest expenses for the six months ended September 30, 2007 and 2008:

	Six months ended September 30, 2007	2008	Increase (decrease)
		(in billions of yen)	
Salaries and employee benefits	¥ 223.7	¥ 248.4	¥ 24.7
General and administrative expenses	244.0	251.2	7.2
Occupancy expenses	97.3	86.4	(10.9)
Fees and commission expenses	60.4	58.0	(2.4)
Provision for losses on off-balance-sheet instruments	6.6	28.9	22.3
Minority interest in consolidated subsidiaries	8.7	(16.8)	(25.5)
Other noninterest expenses	97.9	75.4	(22.5)
Total noninterest expenses	¥ 738.6	¥ 731.5	¥ (7.1)

Noninterest expenses decreased by ¥7.1 billion, or 1.0%, from the six months ended September 30, 2007 to ¥731.5 billion in the six months ended September 30, 2008. This decrease was due mainly to decreases of ¥25.5 billion in minority interest in consolidated subsidiaries and ¥22.5 billion in other noninterest expenses, offset in part by increases of ¥24.7 billion in salaries and employee benefits and ¥22.3 billion in provision for losses on off-balance-sheet instruments.

Salaries and Employees Benefits

Salaries and employees benefits increased by ¥24.7 billion, or 11.0%, from the six months ended September 30, 2007 to ¥248.4 billion in the six months ended September 30, 2008 due mainly to the effect of increased employee retirement benefit expenses as a result of a decline in expected return on plan assets and the amortization of net actuarial loss.

Minority Interest in Consolidated Subsidiaries

Minority interest in consolidated subsidiaries was an income of ¥16.8 billion in the six months ended September 30, 2008 compared to an expense of ¥8.7 billion in the six months ended September 30, 2007. This change was due mainly to the allocation to minority shareholders of the losses incurred by a consolidated subsidiary that recorded a significant amount of deferred tax expense as a result of a significant increase in valuation allowance due to the decrease in unrealized gains on available-for-sale securities reflecting primarily declines in domestic stock markets.

Other Noninterest Expenses

Other noninterest expenses decreased by ¥22.5 billion, or 23.0%, from the six months ended September 30, 2007 to ¥75.4 billion in the six months ended September 30, 2008. Other noninterest expenses included ¥19.1 billion of valuation losses related to loans held for sale mainly in connection with overseas leveraged buyout financings which remained unsold compared to ¥24.2 billion in the six months ended September 30, 2007. See Recent Developments Impact of the Dislocation in the Global Financial Market.

Income Tax Expense

Income tax expense increased by ¥315.4 billion from ¥1.8 billion in the six months ended September 30, 2007 to ¥317.2 billion in the six months ended September 30, 2008. The increase was due mainly to deferred tax expense of ¥284.3 in the six months ended September 30, 2008 compared to deferred tax benefit of ¥26.5 billion in the six months ended September 30, 2007. The deferred tax expense in the six months ended September 30, 2008 was the result of a decrease in deferred tax assets, net of valuation allowance. This decrease was due mainly to a significant increase in valuation allowance reflecting primarily changes in our estimation of future taxable income as a result of the decrease in the net unrealized gains on available-for-sale securities reflecting primarily declines in domestic stock markets.

	Six months ended September 30, 2007	2008	Increase (decrease)
	(in billions of yen)		
Income (loss) before income tax expense (benefit)	¥ 546.9	¥ (135.0)	¥ (681.9)
Income tax expense	1.8	317.2	315.4
Current tax expense	28.3	32.9	4.6
Deferred tax expense (benefit)	(26.5)	284.3	310.8
Net income (loss)	545.1	(452.2)	(997.3)

Net Income (Loss)

As a result of the foregoing, we recorded a net loss of ¥452.2 billion in the six months ended September 30, 2008 compared to net income of ¥545.1 billion in the six months ended September 30, 2007.

Business Segments Analysis

The business segment information set forth below is derived from the internal management reporting systems used by management to measure the performance of our business segments. We measure the performance of each of our operating segments primarily in terms of net business profits in accordance with Japanese GAAP following internal managerial accounting rules and practices. Net business profits is used as a measure of the profitability of core banking operations in Japan and is defined as gross profits (or the sum of net interest income, fiduciary income, net fee and commission income, net trading income and net other operating income) less general and administrative expenses (excluding non-recurring expenses). Measurement by net business profits is required for regulatory reporting to the Financial Services Agency. Therefore, the format and information is presented primarily on the basis of Japanese GAAP and is not consistent with the consolidated financial statements prepared in accordance with U.S. GAAP. A reconciliation of total net business profits with income before income tax expense (benefit) under U.S. GAAP is provided in note 16 of our consolidated financial statements.

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

The Global Corporate Group

Mizuho Corporate Bank

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

Domestic

This segment provides a variety of financial products and services to large corporations, financial institutions and public sector entities in Japan. The products and services it offers include commercial banking, advisory services, syndicated loan arrangements, leveraged finance and structured finance.

International

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

Trading and others

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

Mizuho Securities

Mizuho Securities is the primary investment banking arm in the Global Corporate Group and offers wholesale securities and investment banking services, such as underwriting and trading of bonds and equities, advisory services and structured finance, to large and international corporations, financial institutions and public entities.

Others

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

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The Global Retail Group

Mizuho Bank

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

Retail banking

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

Corporate banking

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

Trading and others

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

Mizuho Investors Securities

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

Others

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

The Global Asset & Wealth Management Group

Mizuho Trust & Banking

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

Others

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

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Others

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

The information below for reportable segments for the six months ended September 30, 2007 and 2008 is derived from our internal management reporting system.

Results of Operations by Business Segment

Consolidated Results of Operations

Consolidated gross profits for the six months ended September 30, 2008 were ¥917.3 billion, a decrease of ¥70.6 billion compared to the six months ended September 30, 2007. Consolidated general and administrative expenses (excluding non-recurring expenses) for the six months ended September 30, 2008 were ¥572.2 billion, an increase of ¥28.3 billion compared to the six months ended September 30, 2007. Consolidated net business profits for the six months ended September 30, 2008 were ¥317.5 billion, a decrease of ¥96.5 billion compared to the six months ended September 30, 2007. The following diagram shows the relative contributions to consolidated net business profits of each of our Global Groups for the six months ended September 30, 2008:

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Global Corporate Group Financial Results

The following table shows gross profits, general and administrative expenses (excluding non-recurring expenses) and net business profits for the Global Corporate Group for the six months ended September 30, 2007 and 2008:

	Mizuho Corporate Bank Domestic	Mizuho Corporate Bank International	Mizuho Corporate Bank Trading and others	Mizuho Corporate Bank Subtotal	Mizuho Securities	Others	Total Global Corporate Group
	(in billions of yen)						
Six months ended September 30, 2007:							
Gross profits:							
Net interest income	¥ 91.9	¥ 32.4	¥ 25.8	¥ 150.1	¥ 5.1	¥ 38.9	¥ 194.1
Net noninterest income (expenses)	48.2	47.3	56.3	151.8	28.4	(13.5)	166.7
Total	140.1	79.7	82.1	301.9	33.5	25.4	360.8
General and administrative expenses	42.2	35.9	45.5	123.6	32.3	44.1	200.0
Others						(25.7)	(25.7)
Net business profits (loss)	¥ 97.9	¥ 43.8	¥ 36.6	¥ 178.3	¥ 1.2	¥ (44.4)	¥ 135.1
Six months ended September 30, 2008:							
Gross profits:							
Net interest income (expenses)	¥ 88.8	¥ 44.6	¥ 11.2	¥ 144.6	¥ (5.0)	¥ 44.4	¥ 184.0
Net noninterest income	55.1	17.2	51.7	124.0	40.1	9.1	173.2
Total	143.9	61.8	62.9	268.6	35.1	53.5	357.2
General and administrative expenses	47.6	33.7	42.1	123.4	30.8	38.6	192.8
Others						(21.9)	(21.9)
Net business profits (loss)	¥ 96.3	¥ 28.1	¥ 20.8	¥ 145.2	¥ 4.3	¥ (7.0)	¥ 142.5

Six months ended September 30, 2008 compared to six months ended September 30, 2007

Gross profits for Mizuho Corporate Bank for the six months ended September 30, 2008 were ¥268.6 billion, a decrease of ¥33.3 billion, or 11.0%, compared to the six months ended September 30, 2007. This decrease was due mainly to a decrease in gross profits from international operations of ¥17.9 billion, reflecting the absence of the large commission recorded in the six months ended September 30, 2007 and the effect of the dislocation in the global financial markets, as well as a decrease in gross profits from trading and others of ¥19.2 billion, reflecting an adverse market environment and a decrease in dividends from Mizuho Securities of ¥11.4 billion (which are eliminated upon consolidation through an offset in the others column). These decreases were offset in part by an increase in gross profits from domestic operations of ¥3.8 billion, reflecting an increase in noninterest income such as income from equity investments and income related to domestic syndicated loans which more than offset a decrease in net interest income.

General and administrative expenses of Mizuho Corporate Bank for the six months ended September 30, 2008 decreased by ¥0.2 billion, or 0.2%, compared to the six months ended September 30, 2007 to ¥123.4 billion.

Net business profits of Mizuho Securities for the six months ended September 30, 2008 was ¥ 4.3 billion, an increase of ¥3.1 billion compared to the six months ended September 30, 2007 due mainly to an effect of cost-saving initiatives under its Business Restructuring Program despite a decrease in underwriting fees amid the dislocation in the global financial markets. Net business loss from other operations was ¥7 billion for the six months ended September 30, 2008, a decrease of ¥37.4 billion compared to the six months ended September 30, 2007 due mainly to the decrease in losses related to foreign securitization products of an overseas subsidiary of Mizuho Securities incurred for the six months ended September 30, 2007 as a result of the market dislocation.

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As a result mainly of the foregoing, net business profits for the Global Corporate Group for the six months ended September 30, 2008 increased by ¥7.4 billion, or 5.5%, compared to the six months ended September 30, 2007 to ¥142.5 billion.

Global Retail Group Financial Results

The following table shows gross profits, general and administrative expenses (excluding non-recurring expenses) and net business profits for the Global Retail Group for the six months ended September 30, 2007 and 2008:

	Mizuho Bank				Mizuho		Total Global
	Retail Banking	Corporate Banking	Trading and others	Subtotal	Investors Securities	Others	Retail Group
				(in billions of yen)			
Six months ended September 30, 2007:							
Gross profits:							
Net interest income (expenses)	¥ 150.5	¥ 165.3	¥ (15.0)	¥ 300.8	¥ 0.5	¥ 22.8	¥ 324.1
Net noninterest income (expenses)	21.0	90.1	55.0	166.1	30.9	(2.0)	195.0
Total	171.5	255.4	40.0	466.9	31.4	20.8	519.1
General and administrative expenses	107.3	114.2	45.7	267.2	22.3	0.2	289.7
Others						(8.0)	(8.0)
Net business profits (loss)	¥ 64.2	¥ 141.2	¥ (5.7)	¥ 199.7	¥ 9.1	¥ 12.6	¥ 221.4
Six months ended September 30, 2008:							
Gross profits:							
Net interest income (expenses)	¥ 162.1	¥ 151.7	¥ (17.3)	¥ 296.5	¥ 0.1	¥ 21.8	¥ 318.4
Net noninterest income (expenses)	13.3	72.9	43.8	130.0	16.9	(2.6)	144.3
Total	175.4	224.6	26.5	426.5	17.0	19.2	462.7
General and administrative expenses	119.5	117.6	49.6	286.7	22.9	(0.5)	309.1
Others						(8.3)	(8.3)
Net business profits (loss)	¥ 55.9	¥ 107.0	¥ (23.1)	¥ 139.8	¥ (5.9)	¥ 11.4	¥ 145.3

Six months ended September 30, 2008 compared to six months ended September 30, 2007

Gross profits for Mizuho Bank for the six months ended September 30, 2008 decreased by ¥40.4 billion, or 8.7%, from the six months ended September 30, 2007 to ¥426.5 billion. The decrease was due mainly to a decrease in gross profits of ¥30.8 billion from corporate banking, reflecting decreases in net interest income and noninterest income as a result of reduced both loan and solution business related demand from SMEs due to worsened business environment and intensifying competition among lenders, as well as a decrease in gross profits of ¥13.5 billion from trading and others due mainly to a decrease in trading income and our conservative asset-and-liability management operations. These decreases were offset in part by an increase in gross profits from retail banking of ¥3.9 billion, reflecting an improvement in the profitability of deposits due to an increase in deposit balance, which more than offset a decline in net interest income due to a decline in the average applicable spread on loans and a decline in fee income from sales of investment trusts and individual annuities affected by weak domestic stock markets.

General and administrative expenses for Mizuho Bank for the six months ended September 30, 2008 increased by ¥19.5 billion, or 7.3%, compared to the six months ended September 30, 2007 to ¥286.7 billion due mainly to the effect of increased employee retirement benefit expenses as a result of a decline in expected return on plan assets.

Mizuho Investors Securities incurred a net business loss of ¥5.9 billion for the six months ended September 30, 2008, compared to net business profits of ¥9.1 billion for the six months ended September 30, 2007. The change was due mainly to a significant decrease in commission income as a result of weak domestic

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stock markets as well as a decrease in trading income as a result of sluggish sales of foreign bonds and write-downs of yen-denominated foreign bonds issued by Lehman Brothers.

As a result mainly of the foregoing, net business profits for the Global Retail Group for the six months ended September 30, 2008 decreased by ¥76.1 billion, or 34.4%, compared to the six months ended September 30, 2007 to ¥145.3 billion.

Global Asset & Wealth Management Group Financial Results

The following table shows gross profits, general and administrative expenses (excluding non-recurring expenses) and net business profits for the Global Asset & Wealth Management Group for the six months ended September 30, 2007 and 2008:

	Mizuho Trust & Banking	Others	Total Global Asset & Wealth Management Group
		(in billions of yen)	
Six months ended September 30, 2007:			
Gross profits:			
Net interest income	¥ 26.2	¥ 0.7	¥ 26.9
Net noninterest income	54.0	28.2	82.2
Total	80.2	28.9	109.1
General and administrative expenses	43.9	19.8	63.7
Others		(0.9)	(0.9)
Net business profits	¥ 36.3	¥ 8.2	¥ 44.5
Six months ended September 30, 2008:			
Gross profits:			
Net interest income	¥ 26.4	¥ 0.8	¥ 27.2
Net noninterest income	44.1	24.2	68.3
Total	70.5	25.0	95.5
General and administrative expenses	46.4	21.5	67.9
Others		(0.5)	(0.5)
Net business profits	¥ 24.1	¥ 3.0	¥ 27.1

Six months ended September 30, 2008 compared to six months ended September 30, 2007

Gross profits for Mizuho Trust & Banking for the six months ended September 30, 2008 decreased by ¥9.7 billion, or 12.1%, compared to the six months ended September 30, 2007 to ¥70.5 billion. The decrease was due mainly to a decline in noninterest income related mainly to its real estate business.

General and administrative expenses for Mizuho Trust & Banking for the six months ended September 30, 2008 increased by ¥2.5 billion, or 5.7%, compared to the six months ended September 30, 2007 to ¥46.4 billion due primarily to the effect of increased employee retirement benefit expenses as a result of a decline in expected return on plan assets.

As a result mainly of the foregoing, as well as a decrease in Others which was a result mainly of losses of overseas subsidiaries in connection with the collapse of Lehman Brothers, net business profits for the Global Asset & Wealth Management Group for the six months ended September 30, 2008 decreased by ¥17.4 billion compared to the six months ended September 30, 2007 to ¥27.1 billion.

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Financial Condition

Assets

Our assets as of March 31, 2008 and September 30, 2008 were as follows:

	As of March 31, 2008	As of September 30, 2008	Increase (decrease)
	(in billions of yen)		
Cash and due from banks	¥ 2,085.8	¥ 2,361.5	¥ 275.7
Interest-bearing deposits in other banks	1,549.7	1,938.5	388.8
Call loans and funds sold	257.7	268.8	11.1
Receivables under resale agreements	7,235.2	9,353.5	2,118.3
Receivables under securities borrowing transactions	9,069.1	7,876.7	(1,192.4)
Trading account assets	20,552.4	26,125.9	5,573.5
Investments	36,155.7	29,745.2	(6,410.5)
Loans	68,221.8	69,336.1	1,114.3
Allowance for loan losses	(649.8)	(659.3)	(9.5)
Loans, net of allowance	67,572.0	68,676.8	1,104.8
Premises and equipment net	852.4	851.0	(1.4)
Due from customers on acceptances	62.3	80.0	17.7
Accrued income	380.6	368.5	(12.1)
Goodwill	15.0	15.0	
Deferred tax assets	923.6	866.2	(57.4)
Other assets	4,606.3	4,558.5	(47.8)
Total assets	¥ 151,317.8	¥ 153,086.1	¥ 1,768.3

Total assets increased by ¥1,768.3 billion from ¥151,317.8 billion as of March 31, 2008 to ¥153,086.1 billion as of September 30, 2008. This increase was due primarily to an increase of ¥2,118.3 billion in receivables under resale agreements and an increase of ¥1,104.8 billion in loans, net of allowance, offset in part by a decrease of ¥1,192.4 billion in receivables under securities borrowing transactions. The decrease in investments and the increase in trading account assets were due mainly to the reclassification as a result of the adoption of the fair value option based on SFAS No. 159. For further information on the fair value option, see note 15 to our consolidated financial statements included elsewhere in this report.

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Loans

Loans Outstanding

The following table shows our loans outstanding as of March 31, 2008 and September 30, 2008:

	As of					
	March 31, 2008		September 30, 2008		Increase (decrease)	
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 7,806.7	11.43%	¥ 7,894.0	11.37%	¥ 87.3	(0.06)%
Construction	1,429.6	2.09	1,416.7	2.04	(12.9)	(0.05)
Real estate	6,489.6	9.50	6,571.6	9.46	82.0	(0.04)
Services	5,566.2	8.15	5,465.1	7.87	(101.1)	(0.28)
Wholesale and retail	6,100.1	8.93	6,020.7	8.67	(79.4)	(0.26)
Transportation	2,516.3	3.68	2,513.5	3.62	(2.8)	(0.06)
Banks and other financial institutions	4,355.6	6.37	4,572.3	6.59	216.7	0.22
Government and public institutions	5,807.5	8.50	6,633.3	9.55	825.8	1.05
Other industries	5,061.1	7.40	4,567.5	6.59	(493.6)	(0.81)
Individuals:	12,326.7	18.04	12,387.5	17.84	60.8	(0.20)
Mortgage loans	11,122.4	16.28	11,209.8	16.14	87.4	(0.14)
Other	1,204.3	1.76	1,177.7	1.70	(26.6)	(0.06)
Total domestic	57,459.4	84.09	58,042.2	83.60	582.8	(0.49)
Foreign:						
Commercial and industrial	8,815.2	12.90	9,173.2	13.21	358.0	0.31
Banks and other financial institutions	1,544.9	2.26	1,648.1	2.37	103.2	0.11
Government and public institutions	414.7	0.61	393.8	0.57	(20.9)	(0.04)
Other	93.8	0.14	174.8	0.25	81.0	0.11
Total foreign	10,868.6	15.91	11,389.9	16.40	521.3	0.49
Subtotal	68,328.0	100.00%	69,432.1	100.00%	1,104.1	
Less: Unearned income and deferred loan fees net	(106.2)		(96.0)		10.2	
Total loans before allowance for loan losses	¥ 68,221.8		¥ 69,336.1		¥ 1,114.3	

Total loans before allowance for loan losses increased by ¥1,114.3 billion from March 31, 2008 to ¥69,336.1 billion as of September 30, 2008. Domestic loans increased by ¥582.8 billion to ¥58,042.2 billion due mainly to an increase in loans to government and public institutions attributable mainly to loans to the Japanese government and an increase in loans to banks and other financial institutions attributable mainly to new loans made to some large Japanese financial borrowers, offset in part by a decrease in loans to other industries attributable mainly to loans made by our consolidated VIEs.

Loans to foreign borrowers increased by ¥521.3 billion from the end of the previous fiscal year to ¥11,389.9 billion as of September 30, 2008. The increase in foreign loans was due primarily to an increase in loans to commercial and industrial borrowers, especially loans to non-Japanese borrowers.

Within our loan portfolio, loans to domestic borrowers decreased from 84.09% to 83.60% while loans to foreign borrowers increased from 15.91% to 16.40%.

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Impaired Loans

The following table shows our impaired loans as of March 31, 2008 and September 30, 2008 based on classifications by domicile and industry segment:

	As of					
	March 31, 2008		September 30, 2008		Increase (decrease)	
	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry	Impaired loans	Ratio to gross total loans to industry
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 160.8	2.06%	¥ 186.9	2.37%	¥ 26.1	0.31%
Construction	88.1	6.16	75.5	5.33	(12.6)	(0.83)
Real estate	106.3	1.64	179.6	2.73	73.3	1.09
Services	200.0	3.59	193.4	3.54	(6.6)	(0.05)
Wholesale and retail	243.3	3.99	192.5	3.20	(50.8)	(0.79)
Transportation	115.0	4.57	118.4	4.71	3.4	0.14
Banks and other financial institutions	178.1	4.09	16.6	0.36	(161.5)	(3.73)
Other industries	11.4	0.10	28.9	0.26	17.5	0.16
Individuals	146.0	1.18	155.8	1.26	9.8	0.08
Total domestic	1,249.0	2.17	1,147.6	1.98	(101.4)	(0.19)
Foreign	46.5	0.43	76.7	0.67	30.2	0.24
Total impaired loans	¥ 1,295.5	1.90%	¥ 1,224.3	1.76%	¥(71.2)	(0.14)%

Impaired loans decreased by ¥71.2 billion, or 5.5%, from March 31, 2008 to ¥1,224.3 billion as of September 30, 2008. Domestic impaired loans decreased by ¥101.4 billion due primarily to a decrease in banks and other financial institutions, mainly as a result of an upgrade in the internal credit rating of a large borrower, offset in part by an increase in real estate, primarily as a result of the worsening business environment in the industry. Foreign impaired loans increased by ¥30.2 billion reflecting the overseas economic downturn.

The percentage of impaired loans within gross total loans decreased from 1.90% as of March 31, 2008 to 1.76% as of September 30, 2008. The percentage of impaired loans net of allowance to gross total loans net of allowance also decreased from 0.95% as of March 31, 2008 to 0.82% as of September 30, 2008.

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Allowance for Loan Losses

Balance of allowance for loan losses

The following table summarizes the allowance for loan losses by component and as a percentage of the corresponding loan balance as of March 31, 2008 and September 30, 2008:

	As of March 31, 2008	As of September 30, 2008	Increase (decrease)
	(in billions of yen, except percentages)		
Allowance for loan losses on impaired loans (A)	¥ 349.2	¥ 297.2	¥ (52.0)
Allowance for loan losses on other loans (B)	300.6	362.1	61.5
Total allowance for loan losses (C)	649.8	659.3	9.5
Impaired loans requiring an allowance for loan losses (D)	1,089.7	966.7	(123.0)
Impaired loans not requiring an allowance for loan losses (E)	205.8	257.7	51.9
Other loans (F)	67,032.5	68,207.7	1,175.2
Gross total loans (G)	68,328.0	69,432.1	1,104.1
Percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance (A)/(D)x100	32.04%	30.75%	(1.29)%
Percentage of allowance for loan losses on other loans against the balance of other loans (B)/(F)x100	0.45	0.53	0.08
Percentage of total allowance for loan losses against gross total loans (C)/(G)x100	0.95	0.95	0.00

Allowance for loan losses increased by ¥9.5 billion from March 31, 2008 to ¥659.3 billion as of September 30, 2008. Allowance for loan losses on other loans increased by ¥61.5 billion and allowance for loan losses on impaired loans decreased by ¥52.0 billion due primarily to an upgrade in the internal credit rating of a large borrower in the banks and other financial institutions industry. The percentage of total allowance for loan losses against gross total loans was 0.95%, unchanged from March 31, 2008.

Provision (credit) for loan losses

The following table summarizes changes in our allowance for loan losses in the six months ended September 30, 2007 and 2008:

	Six months ended September 30, 2007	Six months ended September 30, 2008	Increase (decrease)
	(in billions of yen)		
Allowance for loan losses as beginning of fiscal year	¥ 946.1	¥ 649.8	¥ (296.3)
Provision (credit) for loan losses	(63.5)	136.2	199.7
Charge-offs	131.9	138.1	6.2
Recoveries	18.4	16.1	(2.3)
Net charge-offs	113.5	122.0	8.5
Others[(1)]	(0.0)	(4.7)	(4.7)
Balance at end of six-month period	¥ 769.1	¥ 659.3	¥ (109.8)

Note:

(1) Others include primarily foreign exchange translation.

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We recorded a provision for loan losses of ¥136.2 billion in the six months ended September 30, 2008 compared to a credit for loan losses of ¥63.5 billion in the six months ended September 30, 2007. The provision for loan losses was due mainly to a worsening business environment surrounding domestic SMEs mainly in real estate and construction industries, the collapse of Lehman Brothers and the weakening credit status of overseas loans reflecting the global economic downturn.

Charge-offs increased by ¥6.2 billion from the six months ended September 30, 2007 to ¥138.1 billion for the six months ended September 30, 2008 and recoveries decreased by ¥2.3 billion from the six months ended September 30, 2007 to ¥16.1 billion in the six months ended September 30, 2008.

Investments

The majority of our investments are available-for-sale securities and held-to-maturity securities which at March 31, 2008 and September 30, 2008 were as follows:

	As of								
	March 31, 2008			September 30, 2008			Increase (decrease)		
	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)	Amortized cost	Fair value	Net unrealized gains (losses)
	(in billions of yen)								
Available-for-sale securities:									
Debt securities:	¥ 29,844.2	¥ 29,859.1	¥ 14.9	¥ 24,376.1	¥ 24,283.0	¥ (93.1)	¥ (5,468.1)	¥ (5,576.1)	¥ (108.0)
Japanese government bonds	16,216.1	16,212.4	(3.7)	17,433.2	17,358.7	(74.5)	1,217.1	1,146.3	(70.8)
Other than Japanese government bonds	13,628.1	13,646.7	18.6	6,942.9	6,924.3	(18.6)	(6,685.2)	(6,722.4)	(37.2)
Equity securities (marketable)	2,619.5	4,512.5	1,893.0	2,525.0	3,932.7	1,407.7	(94.5)	(579.8)	(485.3)
Total	¥ 32,463.7	¥ 34,371.6	¥ 1,907.9	¥ 26,901.1	¥ 28,215.7	¥ 1,314.6	¥ (5,562.6)	¥ (6,155.9)	¥ (593.3)
Held-to-maturity securities:									
Debt securities:									
Japanese government bonds	¥ 490.0	¥ 490.1	¥ 0.1	¥ 130.1	¥ 129.9	¥ (0.2)	¥ (359.9)	¥ (360.2)	¥ (0.3)
Other than Japanese government bonds	288.9	293.7	4.8	289.6	291.7	2.1	0.7	(2.0)	(2.7)
Total	¥ 778.9	¥ 783.8	¥ 4.9	¥ 419.7	¥ 421.6	¥ 1.9	¥ (359.2)	¥ (362.2)	¥ (3.0)

Available-for-sale securities decreased by ¥6,155.9 billion from March 31, 2008 to ¥28,215.7 billion at September 30, 2008. This decrease was a result of a decrease in debt securities other than Japanese government bonds, primarily foreign government bonds, as foreign currency denominated available-for-sale securities were reclassified as trading securities following the adoption of SFAS No. 159. See note 15 to our consolidated financial statements for details of the adoption of the fair value option. The decrease was offset in part by an increase in Japanese government bonds to take advantage of their safety and liquidity during the turmoil in the global financial markets. Equity securities decreased by ¥579.8 billion from March 31, 2008 to ¥3,932.7 billion at September 30, 2008 due mainly to the decline in Japanese stock prices as of September 30, 2008 compared to March 31, 2008. Held-to-maturity securities decreased by ¥359.2 billion from March 31, 2008 to ¥419.7 billion at September 30, 2008. This decrease was due primarily to a decrease in Japanese government bonds as the bonds matured during the six-month period. See note 3 to our consolidated financial statements for details of other investments included within investments.

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Cash and Due from Banks

Cash and due from banks increased by ¥275.7 billion from March 31, 2008 to ¥2,361.5 billion at September 30, 2008. The increase was due to net cash provided by operating activities of ¥2,871.7 billion and net cash provided by financing activities of ¥695.8 billion offset in part by net cash used in investing activities of ¥3,286.0 billion.

Liabilities

The following table shows our liabilities as of March 31, 2008 and September 30, 2008:

	As of March 31, 2008	As of September 30, 2008	Increase (decrease)
	(in billions of yen)		
Deposits	¥ 86,429.1	¥ 86,046.7	¥ (382.4)
Debentures	3,159.4	2,719.6	(439.8)
Due to trust accounts	1,119.9	1,012.8	(107.1)
Call money and funds purchased	6,693.7	7,047.6	353.9
Payables under repurchase agreements	11,511.0	13,353.2	1,842.2
Payables under securities lending transactions	7,095.1	6,577.9	(517.2)
Commercial paper	561.0	262.6	(298.4)
Other short-term borrowings	4,812.8	4,677.5	(135.3)
Trading account liabilities	14,120.4	15,926.0	1,805.6
Bank acceptances outstanding	62.3	80.0	17.7
Income taxes payable	28.8	37.2	8.4
Deferred tax liabilities	11.2	8.5	(2.7)
Accrued expenses	294.2	251.9	(42.3)
Long-term debt	7,618.9	7,895.5	276.6
Other liabilities	4,231.8	4,725.9	494.1
Total liabilities	¥ 147,749.6	¥ 150,622.9	¥ 2,873.3

Total liabilities increased by ¥2,873.3 billion from March 31, 2008 to ¥150,622.9 billion at September 30, 2008. This increase was due primarily to an increase of ¥1,805.6 billion in trading account liabilities and an increase of ¥1,138.1 billion in short-term borrowings. Short-term borrowings include due to trust accounts, call money and funds purchased, payables under repurchase agreements, payables under securities lending transactions, commercial paper and other short-term borrowings.

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Deposits

The following table shows a breakdown of our deposits as of March 31, 2008 and September 30, 2008:

	As of		
	March 31, 2008	September 30, 2008	Increase (decrease)
	(in billions of yen)		
Domestic:			
Non-interest-bearing deposits	¥ 10,846.5	¥ 9,959.3	¥ (887.2)
Interest-bearing deposits	66,329.6	66,953.1	623.5
Total domestic deposits	77,176.1	76,912.4	(263.7)
Foreign:			
Non-interest-bearing deposits	412.9	453.6	40.7
Interest-bearing deposits	8,840.1	8,680.7	(159.4)
Total foreign deposits	9,253.0	9,134.3	(118.7)
Total deposits	¥ 86,429.1	¥ 86,046.7	¥ (382.4)

Deposits decreased by ¥382.4 billion from March 31, 2008 to ¥86,046.7 billion at September 30, 2008. Domestic deposits decreased by ¥263.7 billion from March 31, 2008 to ¥76,912.4 billion at September 30, 2008. Although non-interest-bearing deposits, mainly from Japanese companies, decreased by ¥887.2 billion, interest-bearing deposits increased, mainly from individuals, by ¥623.5 billion while growth in investment products such as investment trusts declined. Foreign deposits decreased by ¥118.7 billion from March 31, 2008 to ¥9,134.3 billion due mainly to a decrease in interest-bearing deposits affected by severe market conditions overseas.

Debentures

Debentures decreased by ¥439.8 billion from March 31, 2008 to ¥2,719.6 billion at September 30, 2008. In Japan, certain banks are entitled to issue discount and coupon debentures in the domestic market under applicable banking laws. Mizuho Corporate Bank and Mizuho Bank benefit from such entitlement originally held by The Industrial Bank of Japan, one of our predecessor banks. While the two bank subsidiaries have this entitlement through March 2012, we have been reducing our reliance on debentures in recent years and are shifting to other sources of financing, including mainly bonds. See Liquidity.

Short-term Borrowings

The following table shows a breakdown of our short-term borrowings as of March 31, 2008 and September 30, 2008:

	As of								
	March 31, 2008			September 30, 2008			Increase (decrease)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in billions of yen)								
Due to trust accounts	¥ 1,119.9	¥	¥ 1,119.9	¥ 1,012.8	¥	¥ 1,012.8	¥ (107.1)	¥	¥ (107.1)
Call money and funds purchased, and payables under repurchase agreements and securities lending transactions	14,701.8	10,598.1	25,299.9	15,283.9	11,694.8	26,978.7	582.1	1,096.7	1,678.8
Commercial paper	294.0	267.0	561.0	38.4	224.2	262.6	(255.6)	(42.8)	(298.4)
Other short-term borrowings	4,413.9	398.8	4,812.7	4,240.3	437.2	4,677.5	(173.6)	38.4	(135.2)

Total short-term borrowings	¥ 20,529.6	¥ 11,263.9	¥ 31,793.5	¥ 20,575.4	¥ 12,356.2	¥ 32,931.6	¥ 45.8	¥ 1,092.3	¥ 1,138.1

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Short-term borrowings increased by ¥1,138.1 billion from the end of the previous fiscal year to ¥32,931.6 billion at September 30, 2008. Foreign short-term borrowings increased by ¥1,092.3 billion due primarily to an increase in payables under repurchase agreements, and domestic short-term borrowings increased by ¥45.8 billion due mainly to an increase in payables under repurchase agreements offset in part by a decrease in commercial paper.

Shareholders Equity

The following table shows a breakdown of shareholders equity as of March 31, 2008 and September 30, 2008:

	As of		
	March 31, 2008	**September 30, 2008**	**Increase (decrease)**
		(in billions of yen)	
Preferred stock	¥ 980.4	¥ 951.4	¥ (29.0)
Common stock	3,437.4	3,382.8	(54.6)
Accumulated deficit	(2,066.6)	(2,687.4)	(620.8)
Accumulated other comprehensive income, net of tax	920.1	546.8	(373.3)
Treasury stock, at cost	(2.5)	(6.3)	(3.8)
Total shareholders equity	¥ 3,268.8	¥ 2,187.3	¥ (1,081.5)

Shareholders equity decreased by ¥1,081.5 billion from March 31, 2008 to ¥2,187.3 billion. Preferred stock decreased by ¥29.0 billion from the end of the previous fiscal year to ¥951.4 billion at September 30, 2008 as a result of the cancellation of preferred stock that were converted to common stock after commencement of the conversion period on July 1, 2008.

Common stock decreased by ¥54.6 billion from the end of the previous fiscal year to ¥3,382.8 billion at September 30, 2008 as a result of the cancellation of common stock repurchased during the six months. See Recent Developments Developments Relating to Our Capital. The decrease was offset in part by issuance of common stock as a result of conversions of preferred stock.

Accumulated deficit increased by ¥620.8 billion from the end of the previous fiscal year to ¥2,687.4 billion. This increase was due primarily to the net loss of ¥452.2 billion for the six months ended September 30, 2008 and dividend payments of ¥133.9 billion.

Accumulated other comprehensive income, net of tax, decreased by ¥373.3 billion from March 31, 2008 to ¥546.8 billion at September 30, 2008 due primarily to a decrease in unrealized net gains on available-for-sale securities of ¥349.2 billion.

Treasury stock increased by ¥3.8 billion from ¥2.5 billion at the end of the previous fiscal year to ¥6.3 billion at September 30, 2008 due primarily to the common stock repurchased but not cancelled as they were assigned for the exercise of Stock Compensation-type Stock Options (Stock Acquisition Rights) that we plan to issue in the future. See Recent Developments Developments Relating to Our Capital.

Liquidity

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

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Deposits and the issuance of debentures, based on our broad customer base and brand recognition in Japan, have been our primary sources of liquidity. As shown in the following table, our average balance of deposits and debentures combined for the six months ended September 30, 2008 exceeded our average balance of loans for the same period by ¥19,900.6 billion. We invested the excess portion primarily in marketable securities.

Average balance for the six months ended September 30, 2008 (in billions of yen)			
Loans	¥ 69,009.4	Deposits	¥ 85,942.6
		Debentures	2,967.4

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

Secondary sources of liquidity include short-term borrowings such as call money and funds purchased and commercial paper. We also issue long-term debt, including both senior and subordinated debt, as additional sources for liquidity. We utilize short-term borrowings to diversify our funding sources and to manage our funding costs. We raise long-term debt mainly for purposes of stable liquidity management and enhancing our capital adequacy ratios. Although recent market environment exhibited increased difficulty and constraints for market participants regarding access to financial markets, we were able to access various sources of liquidity on a stable and flexible basis based on our current credit ratings. The following table shows credit ratings assigned to our principal banking subsidiaries by S&P and Moody s as of December 31, 2008:

	As of December 31, 2008					
	S&P			Moody s		
	Long-term	Short-term	Fundamental strength	Long-term	Short-term	Financial strength
Mizuho Corporate Bank	A+	A-1	B	iAa2	P-1	iC
Mizuho Bank	A+	A-1	B	iAa2	P-1	iC
Mizuho Trust & Banking	A+	A-1	B	iAa2	P-1	iC

i: under review for possible downgrade

We source our funding in foreign currencies primarily from foreign governments, financial institutions and institutional investors, through short-term and long-term financing, under terms and pricing commensurate with our credit ratings above. As our reliance on these sources of funding declined during the current fiscal year as the market environment for these sources deteriorated, we utilized other sources, such as the Bank of Japan s U.S. dollar funds-supplying operations, as additional sources of liquidity. In the event of future declines in our credit quality or that of Japan in general, we expect to be able to purchase foreign currencies in sufficient amounts using the yen funds raised through our domestic customer deposit base. As further measures to support our foreign currency liquidity, we hold foreign debt securities, maintain credit lines and swap facilities denominated in foreign currencies and pledge collateral to the U.S. Federal Reserve Bank to support future credit extensions.

We maintain management and control systems to support our ability to access liquidity on a stable and cost-effective basis.

Capital Adequacy

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

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Regulatory Capital Requirements

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

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

Under the first pillar, the capital ratio is calculated by dividing regulatory capital by risk-weighted assets. With respect to the calculation of risk-weighted assets, Mizuho Financial Group adopted the foundation internal ratings-based approach (FIRB approach). Under the FIRB approach, balance sheet assets and off-balance sheet exposures, calculated under Japanese GAAP, are assessed in terms of credit risk according to risk components such as probability of default and loss given default. Probability of default is derived by Mizuho Financial Group s own internal credit experience. In addition to credit risk, banks are required to measure and apply capital charges with respect to their market risks. Market risk is defined as the risk of losses in on- and off-balance-sheet positions arising from movements in market prices. Operational risk, which was introduced under Basel II with respect to regulatory capital requirements, is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Mizuho Financial Group selected the standardized approach for the calculation of operational risk capital charge, which calculates operational risk by dividing its activities into eight business lines and multiplying gross income of each of those business lines by the applicable factor assigned to each of the business lines.

Japanese banks are also required to comply with the supervisory review process (second pillar) and disclosure requirements for market discipline (third pillar). Under the second pillar, banks are required to maintain adequate capital to support all of the major risks in their business and are encouraged to develop and use better risk management techniques in monitoring and managing such risks. Under the third pillar, banks are required to enhance disclosure, including disclosure of details of the capital adequacy ratio, the amount of each type of risk and the method of calculation used so that the market may make more effective evaluations.

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Consolidated Capital Adequacy Ratios

Our capital adequacy ratios as of March 31, 2008 and September 30, 2008 calculated in accordance with Japanese GAAP and guidelines established by the Ministry of Finance and the Financial Services Agency are as set forth in the following table:

	As of		
	March 31, 2008	September 30, 2008	Increase (decrease)
	(in billions of yen, except percentages)		
Tier 1 capital	¥ 4,880.1	¥ 4,747.0	¥ (133.1)
Tier 2 capital included as qualifying capital	3,221.8	2,971.4	(250.3)
Deductions for total risk-based capital	(393.6)	(337.3)	56.3
Total risk-based capital	¥ 7,708.3	¥ 7,381.2	¥ (327.0)
Risk-weighted assets	¥ 65,872.8	¥ 64,464.8	¥ (1,407.9)
Tier 1 capital ratio	7.40%	7.36%	(0.04)%
Required Tier 1 ratio	4.00	4.00	
Capital adequacy ratio	11.70	11.45	(0.25)
Required capital adequacy ratio	8.00	8.00	

Our capital adequacy ratio as of September 30, 2008 was 11.45%, a decline of 0.25% compared to March 31, 2008. Our Tier 1 capital ratio as of September 30, 2008 was 7.36%, a decline of 0.04% compared to March 31, 2008. We believe that we were in compliance with all capital adequacy requirements to which we were subject as of September 30, 2008. Our Tier 1 capital ratio as of September 30, 2008 remained generally unchanged from March 31, 2008 due to the similar proportional rate of decreases of Tier 1 capital and risk-weighted assets. The rate of decrease of risk-weighted assets was proportionally smaller compared to the rate of decrease of total risk-based capital, which resulted in the decline in our capital adequacy ratio.

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Capital

The following table shows a breakdown of our total risk-based capital as of March 31, 2008 and September 30, 2008:

	As of		
	March 31, 2008	September 30, 2008	Increase (decrease)
	(in billions of yen)		
Tier 1 capital:			
Common stock and preferred stock	¥ 1,540.9	¥ 1,540.9	
Capital surplus	411.0	411.2	¥ 0.1
Retained earnings	1,475.7	1,290.1	(185.6)
Minority interest in consolidated subsidiaries	1,733.4	1,636.4	(96.9)
Treasury stock	(2.5)	(6.2)	(3.7)
Dividends	(133.8)		133.8
Foreign currency translation adjustments	(78.3)	(83.5)	(5.1)
Unrealized losses on other securities			
Other	(66.2)	(41.9)	24.3
Total Tier 1 capital	4,880.1	4,747.0	(133.1)
Tier 2 capital:			
45% of unrealized gains on other securities	289.7	56.9	(232.8)
45% of revaluation reserve for land	113.6	113.0	(0.5)
General reserve for possible losses on loans, etc.	7.9	7.0	(0.8)
Debt capital, etc.	2,810.4	2,794.4	(16.0)
Total Tier 2 capital	3,221.8	2,971.4	(250.3)
Deductions for total risk-based capital	(393.6)	(337.3)	56.3
Total risk-based capital	¥ 7,708.3	¥ 7,381.2	¥ (327.0)

Our Tier 1 capital decreased by ¥133.1 billion from ¥4,880.1 billion as of March 31, 2008 to ¥4,747.0 billion as of September 30, 2008. This decrease was due mainly to a decrease of ¥185.6 billion in retained earnings and a decrease of ¥96.9 billion in minority interest in consolidated subsidiaries offset in part by an increase of ¥133.8 billion due to the absence of dividends with respect to the fiscal year ended on March 31, 2008. The decrease in retained earnings reflects the effect of the cancellation of our common stock totaling ¥146.3 billion in September, 2008, which constitute most of the repurchases of our common stock totaling ¥150.0 billion that we made in July 2008, and the payout of dividends from retained earnings offset in part by consolidated net income under Japanese GAAP recorded for the six months ended September 30, 2008. The decrease in minority interest in consolidated subsidiaries reflects a decrease of ¥379.0 billion as a result of redemptions in June 2008 of non-dilutive preferred securities issued by overseas special purpose companies offset in part by an increase of ¥303.0 billion as a result of the issuance in July 2008 of non-dilutive preferred securities through overseas special purpose companies.

Minority interest in consolidated subsidiaries included within our Tier 1 capital includes non-dilutive preferred securities issued by our overseas special purpose companies to investors. As of September 30, 2008, the amount of minority interest in consolidated subsidiaries within our Tier 1 capital that was attributable to such non-dilutive preferred securities was ¥1,461.2 billion. Although such non-dilutive preferred securities are perpetual in term, they are redeemable at our option, subject to prior approval from regulatory authorities, on, and on specified dates after, the relevant initial optional redemption date. The following table shows the initial optional redemption dates for the non-dilutive preferred securities included within our Tier 1 capital as of September 30, 2008 and the total amount of non-dilutive preferred securities with each such initial optional redemption date. The non-dilutive preferred securities are denominated in yen, unless otherwise noted.

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Initial optional redemption date	Amount of non-dilutive preferred securities included within Tier 1 capital (in billions of yen)
June 2009	¥ 176.0
June 2011	74.5(1)
June 2012	171.0
June 2016	462.2(2)
June 2018	274.5
June 2019	303.0

Notes:

(1) Denominated in euros (500.0 million).

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

(3) In December 2008, we issued ¥355.0 billion of non-dilutive preferred securities through an overseas special purpose company with an initial optional redemption date of June 2015.

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

	As of March 31, 2006	2007	2008	As of September 30, 2008
	(in billions of yen, except percentages)			
Preferred stock	¥ 1,580.4(1)	¥ 980.4	¥ 980.4	¥948.6(2)
Non-dilutive preferred securities	1,095.7	1,505.0	1,539.7	1,461.2
Percentage of preferred stock and non-dilutive preferred securities within Tier 1 capital(3)	58.7%	50.4%	51.6%	50.7%

Note:

(1) Preferred stock as of March 31, 2006 included ¥600.0 billion of public funds in the form of preferred stock issued to the Resolution and Collection Corporation. We completed the repayment of all public funds in July 2006.

(2) Excluding treasury stocks.

(3) Tier 1 capital on a Basel I basis was used for the March 31, 2006 figures, and Tier 1 capital on a Basel II basis was used for March 31, 2007 and 2008 and September 30, 2008 figures.

Our Tier 2 capital included as qualifying capital as of September 30, 2008 was ¥2,971.4 billion, a decrease of ¥250.3 billion compared to March 31, 2008. The decrease was due mainly to a decrease in unrealized gains on other securities as a result of declines in domestic stock markets.

As a result of the above, together with deductions of ¥337.3 billion, total risk-based capital as of September 30, 2008 was ¥7,381.2 billion, a decrease of ¥327.0 billion compared to March 31, 2008.

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Risk-weighted Assets

The following table shows a breakdown of our risk-weighted assets as of March 31, 2008 and September 30, 2008:

	As of		
	March 31, 2008	**September 30, 2008**	**Increase (decrease)**
		(in billions of yen)	
Risk-weighted assets:			
On-balance-sheet items	¥ 48,988.0	¥ 48,689.8	¥ (298.2)
Off-balance-sheet items	11,195.8	10,446.7	(749.0)
Credit risk assets	60,183.8	59,136.6	(1,047.2)
Market risk equivalent assets	2,052.9	1,753.0	(299.9)
Operational risk equivalent assets	3,636.0	3,575.1	(60.8)
Adjusted floor amount			
Total	¥ 65,872.8	¥ 64,464.8	¥ (1,407.9)

Risk-weighted assets as of September 30, 2008 was ¥64,464.8 billion, representing a decrease of ¥1,407.9 billion compared to March 31, 2008. Credit risk assets decreased by ¥1,047.2 billion to ¥59,136.6 billion due mainly to a decrease in the risk exposure of securitization products. Market risk equivalent assets decreased by ¥299.9 billion to ¥1,753.0 billion. Operational risk equivalent assets decreased by ¥60.8 billion to ¥3,575.1 billion. We had no adjusted floor amount as of March 31, 2008 or September 30, 2008, following the transitional treatment formula regarding risk-weighted assets in connection with the migration from Basel I to Basel II.

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The following table shows required capital by portfolio classification as of September 30, 2008:

	As of September 30, 2008	
	Exposure at default	Required capital[(1)]
	(in billions of yen)	
Credit risk	¥ 149,367.7	¥ 5,979.7
Internal ratings-based approach	140,764.7	5,652.0
Corporate (except specialized lending)	54,967.3	3,312.7
Corporate (specialized lending)	2,969.4	281.0
Sovereign	44,925.5	67.5
Bank	8,118.1	157.3
Retail	12,996.7	564.5
Residential mortgage	10,388.6	394.9
Qualifying revolving loans	327.6	23.1
Other retail	2,280.4	146.3
Equities, etc.	4,797.7	539.2
Probability of default/Loss given default approach	10,97.1	175.0
Market-based approach (simple risk weight method)	264.6	72.8
Market-based approach (internal models approach)		
Transitional measure applied	3,435.9	291.3
Regarded-method exposure	1,302.0	336.3
Purchased receivables	2,595.4	104.9
Securitizations	5,635.4	91.5
Others	2,456.8	196.7
Standardized approach	8,603.0	327.6
Sovereign	2,433.1	2.2
Bank.	2,934.3	52.5
Corporate	2,503.0	187.4
Residential mortgage	0.0	0.0
Securitizations	47.0	31.4
Others	685.4	54.0
Market risk	n.a.	140.2
Standardized approach	n.a.	93.8
Interest rate risk	n.a.	66.7
Equities risk	n.a.	18.6
Foreign exchange risk	n.a.	2.0
Commodities risk	n.a.	6.4
Option transactions	n.a.	
Internal models approach	n.a.	46.4
Operational risk (standardized approach)	n.a.	286.0
Total required capital[(2)]	n.a.	5,157.1

Notes:

(1) For credit risk, required capital is the sum of (i) 8% of credit risk-weighted assets, (ii) expected losses and (iii) deductions from capital. For market risk, required capital is the market risk equivalent amount. For operational risk, required capital is the operational risk equivalent amount.

(2) Total required capital (consolidated) is equal to 8% of the denominator used for purposes of calculating capital adequacy ratios.

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Principal Banking Subsidiaries

Capital adequacy ratios of our principal banking subsidiaries as of March 31, 2008 and September 30, 2008 on a consolidated basis calculated in accordance with Japanese GAAP and guidelines established by the Ministry of Finance and the Financial Services Agency were as set forth in the following table:

	As of		
	March 31, 2008	**September 30, 2008**	**Increase (decrease)**
Mizuho Corporate Bank			
BIS standard:			
Tier 1 capital ratio	8.48%	8.43%	(0.05)%
Capital adequacy ratio	12.17	11.68	(0.49)
Mizuho Bank(1)			
Domestic standard:			
Tier 1 capital ratio	7.28	6.79	(0.49)
Capital adequacy ratio	11.97	11.58	(0.39)
BIS standard:			
Tier 1 capital ratio	7.22	6.74	(0.48)
Capital adequacy ratio	11.87	11.51	(0.36)
Mizuho Trust & Banking			
BIS standard:			
Tier 1 capital ratio	10.16	7.89	(2.27)
Capital adequacy ratio	15.87	12.92	(2.95)

Note:

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

We believe each of our principal banking subsidiaries was in compliance with all capital adequacy requirements to which it was subject as of September 30, 2008.

Our securities subsidiaries in Japan are also subject to the capital adequacy rules of the Financial Services Agency under the Financial Instruments and Exchange Law. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. We believe, as of September 30, 2008, that our securities subsidiaries in Japan are in compliance with all capital adequacy requirements to which they are subject.

Off-balance-sheet Arrangements

See note 13 Commitments and contingencies and note 14 Variable interest entities and securitizations to our consolidated financial statements included elsewhere in this reports.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited)

	March 31, 2008	September 30, 2008
	(in millions of yen)	
Assets:		
Cash and due from banks	2,085,847	2,361,541
Interest-bearing deposits in other banks	1,549,746	1,938,486
Call loans and funds sold	257,741	268,794
Receivables under resale agreements	7,235,200	9,353,466
Receivables under securities borrowing transactions	9,069,138	7,876,720
Trading account assets (including assets pledged that secured parties are permitted to sell or repledge of ¥3,545,201 million at March 31, 2008 and ¥6,827,037 million at September 30, 2008)	20,552,404	26,125,877
Investments (Note 3):		
Available-for-sale securities (including assets pledged that secured parties are permitted to sell or repledge of ¥8,097,839 million at March 31, 2008 and ¥4,093,180 million at September 30, 2008)	34,371,638	28,215,745
Held-to-maturity securities	778,915	419,735
Other investments	1,005,195	1,109,749
Loans (Notes 4 and 5)	68,221,807	69,336,100
Allowance for loan losses	(649,803)	(659,334)
Loans, net of allowance	67,572,004	68,676,766
Premises and equipment net	852,393	851,001
Due from customers on acceptances	62,255	79,995
Accrued income	380,592	368,458
Goodwill	15,016	15,016
Deferred tax assets	923,572	866,225
Other assets (Note 4)	4,606,100	4,558,514
Total assets	151,317,756	153,086,088

See the accompanying Notes to the Consolidated Financial Statements.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited) (Continued)

	March 31, 2008	**September 30, 2008**
	(in millions of yen)	
Liabilities and shareholders equity:		
Deposits:		
Domestic:		
Noninterest-bearing deposits	10,846,443	9,959,324
Interest-bearing deposits	66,329,605	66,953,106
Foreign:		
Noninterest-bearing deposits	412,869	453,572
Interest-bearing deposits	8,840,148	8,680,666
Debentures	3,159,443	2,719,625
Due to trust accounts	1,119,947	1,012,753
Call money and funds purchased	6,693,712	7,047,586
Payables under repurchase agreements	11,511,020	13,353,204
Payables under securities lending transactions	7,095,127	6,577,929
Commercial paper	560,966	262,574
Other short-term borrowings	4,812,763	4,677,575
Trading account liabilities	14,120,440	15,926,035
Bank acceptances outstanding	62,255	79,995
Income taxes payable	28,800	37,171
Deferred tax liabilities	11,200	8,458
Accrued expenses	294,190	251,859
Long-term debt (including ¥178,233 million at March 31, 2008 and ¥325,002 million at September 30, 2008, at fair value) (Note 15)	7,618,910	7,895,502
Other liabilities	4,231,761	4,725,965
Total liabilities	147,749,599	150,622,899
Commitments and contingencies		
Minority interest in consolidated subsidiaries	299,357	275,866
Shareholders equity (Note 8):		
Preferred stock (Note 6)	980,430	951,442
Common stock no par value, authorized 24,392,259 shares at March 31, 2008, and 24,115,759 shares at September 30, 2008, and issued 11,396,255 shares at March 31, 2008, and 11,178,847 shares at September 30, 2008	3,437,420	3,382,787
Accumulated deficit	(2,066,604)	(2,687,437)
Accumulated other comprehensive income, net of tax	920,062	546,802
Less: Treasury stock, at cost Common stock 4,585 shares at March 31, 2008, and 11,251 shares at September 30, 2008, and Preferred stock 2,750 shares at September 30, 2008	(2,508)	(6,271)
Total shareholders equity	3,268,800	2,187,323
Total liabilities, minority interest and shareholders equity	151,317,756	153,086,088

See the accompanying Notes to the Consolidated Financial Statements.

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MIZUHO FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Six months ended September 30, 2007	2008
	(in millions of yen)	
Interest and dividend income:		
Loans, including fees	804,531	770,928
Investments:		
Interest	332,312	144,793
Dividends	45,537	53,027
Trading account assets	31,360	162,537
Call loans and funds sold	7,778	5,555
Receivables under resale agreements and securities borrowing transactions	315,933	157,407
Deposits	39,366	31,072
Total interest and dividend income	1,576,817	1,325,319
Interest expense:		
Deposits	393,110	295,240
Debentures	13,008	9,420
Trading account liabilities	27,984	12,818
Call money and funds purchased	28,939	31,744
Payables under repurchase agreements and securities lending transactions	427,322	203,046
Other short-term borrowings	35,680	32,132
Long-term debt	104,974	104,738
Total interest expense	1,031,017	689,138
Net interest income		