

MIZUHO FINANCIAL GROUP INC

Form 6-K

February 04, 2010

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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, 2010

Commission File Number 001-33098

Mizuho Financial Group, Inc.

(Translation of registrant's name into English)

5-1, Marunouchi 2-chome

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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 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

If 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 4, 2010

Mizuho Financial Group, Inc.

By: /s/ Takashi Tsukamoto

Name: Takashi Tsukamoto

Title: President & CEO

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Recent Developments

The following is a summary of significant business developments since March 31, 2009 relating to Mizuho Financial Group.

Operating Environment

We operate principally in Japan. Looking back over the economic climate during the nine months ended December 31, 2009, the actions taken to stabilize the financial system and stimulate the economy by major countries in cooperation with each other in response to the financial crisis have been effective, and the global economy has emerged from its worst and is maintaining a gradual recovery. As for the Japanese economy, it has entered a mild deflationary state with a severe employment and income environment continuing, and prospects of a self-sustaining recovery in domestic private-sector demand remain weak. However, exports and personal consumption, especially of durable goods, reflecting improvements in the foreign economic environment and the effectiveness of economic stimulus policies, continue to strengthen, and with a return to positive real gross domestic product growth in the second quarter of calendar 2009 compared to the preceding quarter, the economy is recovering. Nevertheless, in a situation where causes of concern exist, such as the effects of the cessation of economic stimulus packages and, particularly in advanced industrialized nations, worsening employment and deflation, it remains uncertain whether the global economy is capable of maintaining growth going forward as the risk that the economy will continue to stagnate still remains. 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, decreased by 8.9%, 5.8% and 5.1% in the first, second and third quarters of calendar 2009, showing a gradual reduction in the rate of decline, while real gross domestic product compared to the preceding quarter returned to positive growth in the second and third quarters of calendar 2009. The Japanese Government expressed its concerns over an increasingly weak economy in the beginning of 2009 and stated in its monthly economic reports for January through April 2009 that the Japanese economy is worsening rapidly. From May 2009 onwards, the reports began to mention how the economy is showing movements of picking up in terms of exports, industrial production and private consumption, while the employment situation remains severe. In November 2009 through January 2010, the report also mentioned how recent price developments show that the Japanese economy is in a mild deflationary phase.

In December 2009, the Bank of Japan announced that it would provide approximately ¥10 trillion in short-term funds to commercial banks at a low fixed rate in order to boost liquidity and recover stability in the financial markets.

The Nikkei Stock Average, which is an index based on the average of the price of 225 stocks listed on the Tokyo Stock Exchange, increased by 25.0% to ¥10,133.23 as of September 30, 2009 compared to March 31, 2009. Thereafter, the Nikkei Stock Average increased to ¥10,546.44 as of December 30, 2009 and decreased to ¥10,198.04 as of January 29, 2010.

According to Teikoku Databank, a Japanese research institution, there were 6,712 corporate bankruptcies in Japan in the six months ended September 30, 2009, involving approximately ¥2.5 trillion in total liabilities, 6,891 corporate bankruptcies in the six months ended March 31, 2009, involving approximately ¥5.2 trillion in total liabilities and 6,343 corporate bankruptcies in the six months ended September 30, 2008, involving approximately ¥8.5 trillion in total liabilities.

The Japanese yen to U.S. dollar spot exchange rate, according to the Bank of Japan, was ¥98.31 to \$1.00 as of March 31, 2009 and strengthened to ¥89.76 to \$1.00 as of September 30, 2009. Thereafter, the yen continued to strengthen to ¥86.15 to \$1.00 as of November 30, 2009, was ¥92.13 to \$1.00 as of December 30, 2009 and was ¥90.19 to \$1.00 as of January 29, 2010.

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Developments Relating to Our Capital

While our basic policy of pursuing disciplined capital management remains unchanged, we have been placing more priority on strengthening our stable capital base, having recognized the importance of capital during the recent financial dislocation and global economic downturn, especially from the second half of the fiscal year ended March 31, 2009. We believe that the strengthening of our stable capital base makes ourselves prepare for further adverse developments in the business environment. Measures we have taken for responding to the above priority include the following:

We have suspended repurchases and cancellation of shares of our common stock since the second half of the fiscal year ended March 31, 2009 until our capital base is further strengthened.

In May 2009, we announced our plan to reduce our dividend by ¥2 on a year-on-year basis to ¥8 per share of common stock, with respect to estimated dividend payments for fiscal year ending March 31, 2010.

In June 2009, we redeemed all ¥176.0 billion of non-dilutive preferred securities that were issued by our overseas special purpose company in March 1999. In June, August and September 2009, we issued ¥139.5 billion, ¥72.5 billion and ¥25.0 billion, respectively, of non-dilutive preferred securities through our overseas special purpose company to enhance the Tier 1 capital of Mizuho Financial Group and improve the flexibility of our future capital strategy.

In addition to the above measures, in July and August 2009, we issued an aggregate of ¥529.2 billion in common stock through a global offering to strengthen our prime capital, as defined in Capital Adequacy Prime Capital, which has a stronger capability to absorb losses, leading to secure, in light of the current uncertainty over the economy, a capital buffer in preparation for further adverse developments in the business environment and enhance our flexibility in recapturing business opportunities with our customer base to lead to our sustainable growth.

In December 2009, the Basel Committee on Banking Supervision issued consultative documents consisting of a package of proposals, covering key areas such as raising the quality of the capital base, a countercyclical capital framework and a global minimum liquidity standard, with the goal of promoting a more resilient banking sector. The proposals are subject to further discussion of details. The proposal regarding raising the quality of the capital base will ensure that the banking system is in a better position to absorb losses. The specific levels of minimum regulatory capital requirement including that for the common equity component of Tier1 capital, together with the fully calibrated set of standards, are currently scheduled to be determined by the end of calendar 2010 after a comprehensive impact assessment, with the aim of implementation by the end of 2012 as financial conditions improve and the economic recovery is assured. The Committee also stated that it will put in place appropriate phase-in measures and grandfathering arrangements for a sufficiently long period to ensure a smooth transition to the new standards. While closely monitoring the ongoing global discussions with respect to capital, we will continue to consider various options and to take appropriate measures in anticipation of a revision of capital regulation to be globally agreed.

Developments Related to Our Business

Global Corporate Group

Capture business opportunities arising from structural changes

We are focusing on timely and appropriate responses to customers' issues and new business opportunities, arising from changes in the economic environment and the financial market turmoil. More specifically, we are promoting in-depth marketing in accordance with customers' business and financial conditions, changes in economic and industrial structures and accounting standards changes. We are also pursuing environment-related and other new businesses.

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Strengthen further collaboration of banking and securities businesses

Since the consummation of the merger on May 7, 2009, the new Mizuho Securities Co., Ltd. has been pursuing merger synergies, with the combination of former Mizuho Securities' wholesale business expertise and global investment banking business platform and former Shinko Securities Co., Ltd.'s nationwide customer base and full-service securities company network, its strong distribution power in the middle and retail markets as well as its strong track record in Japanese initial public offerings. Merger synergies have been materialized particularly in the form of increased bookrunner status involvement in large public offerings and retail straight bonds based upon integration of former Shinko Securities' middle-retail and former Mizuho Securities' wholesale capabilities and in the form of initiatives taken to realize cost reduction, including reviews of cost structure, systems integration and staff redeployment.

We are further strengthening collaboration between our banking and securities businesses to provide optimal solutions for our customers' needs. In Japan, we introduced a "double-hat" structure to the domestic business promotion offices of Mizuho Corporate Bank, Ltd. and Mizuho Securities with approximately 50 employees in July 2009 in light of the revamp of domestic firewall regulations. In the United States, by leveraging our Financial Holding Company ("FHC") status, we are steadily building up a track record as a joint lead manager in corporate bond issuances by U.S. companies.

Reconstruct our global strategy

After generally completing the establishment of our overseas network for the time being, we will continue to focus on enhancement of our presence in Asia such as China and India by enhancing our credit management, efficiently utilizing management resources, and enhancing product-providing capabilities, which include promotion of China-related business such as entry into renminbi-denominated trade settlement business through Mizuho Corporate Bank (China), Ltd., the banking subsidiary in People's Republic of China that we established in June 2007.

Global Retail Group

Meet SME customers' financing needs and address their management issues

We are focusing on growing our profit base by strengthening initiatives to facilitate financing for SMEs by stably supplying loans based on thorough credit management. Various measures implemented by Mizuho Bank, Ltd. include a review of its existing branch network, redeployment of relationship managers, establishment in November 2009 of a special team dedicated to facilitate financing for SMEs and proactive engagement in loans with guarantees from the government-related credit guarantee corporation, including utilizing the emergency guarantee system for SMEs. In addition, we announced in December 2009, in the form of a joint press release by Mizuho Financial Group, Mizuho Bank, Mizuho Corporate Bank and Mizuho Trust & Banking Co., Ltd., that the four entities newly established committees, each of which includes the relevant executive officer responsible for risk management at each entity, as an internal function for deliberation and coordination from the perspective of management initiative for strengthening our group-wide measures to facilitate financing for SMEs. We are also focusing on initiatives that address management issues of SME customers by offering highly specialized solutions business services, including business matching, overseas business expansion support, IPO-related services, initiatives for environmental businesses, and responses to needs of business owners.

Expand our retail business

We increased the balance of residential housing loans from ¥9.82 trillion as of March 31, 2009 to ¥9.89 trillion as of September 30, 2009. We will continue to increase quality new residential housing loans by capturing refinancing opportunities and promoting business with corporate customers' employees.

As for our customer base, we increased the number of Mizuho Mileage Club members to approximately 7 million as of September 30, 2009 from approximately 6.5 million as of March 31, 2009. We will continue to endeavor to increase the number of basic banking transactions by customers through such means as introducing

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NTT DOCOMO mobile remittance™ service in July 2009, which enable individual subscribers to easily and quickly remit money by using their DOCOMO mobile phone, and promoting the Mizuho Mileage Club card and our Mizuho Direct service, which is the first online banking service by a Japanese bank to utilize risk-based approvals to facilitate internet approval procedures. As for our assets under management business, the balance of investment trusts (excluding MMF) was ¥1.08 trillion, individual annuities was ¥1.66 trillion, foreign deposits was ¥0.47 trillion and Japanese government bonds sold to individuals was ¥1.64 trillion, each on a managerial accounting basis as of September 30, 2009. With regard to marketing, we will continue to enhance the proposal capabilities of our financial consultants that make proposals regarding investments such as investment trusts, individual annuities, foreign currency deposits and Japanese government bonds sold to individuals, and increase product lines of investment trusts, individual annuities and protection insurance in order to better respond to customer needs. We will also continue to promote business with high net worth customers through the further enhancement of collaboration among our banking, trust and securities functions.

Global Asset & Wealth Management Group

We implemented the Mizuho Main Bank Project and Business Efficiency Improvement Project at Mizuho Trust & Banking in order to improve profitability. As for the former, we established the Corporate Trust Business Department and Private Wealth Management Department in April 2009 and deployed approximately 100 employees to business promotion offices through October 2009. We are focusing on materializing the benefits of the project by further expanding targeted customers and enhancing proposal-oriented marketing and by increasing the range of products distributable through group companies sales channels. Meanwhile, we revised our business and operational processes thoroughly with promoting the Business Efficiency Improvement Project. We are reducing expenses further by implementing initiatives under the project at the division and branch level.

Pursuit of Group Synergies

We aim to enhance collaboration among our banking, trust and securities functions to provide specialized services that address our customers needs. For example, we are offering the services of Mizuho Investors Securities Co., Ltd. through securities consulting booths, which we call Planet Booths, in the lobbies of 148 branches and offices of Mizuho Bank as of September 30, 2009. We are also providing Mizuho Bank's customers with the sophisticated consulting services of Mizuho Trust & Banking by such means as increasing the number of personnel exchanged between Mizuho Bank and Mizuho Trust & Banking from approximately 45 as of September 30, 2009 to 100 by March 31, 2011. In addition, as mentioned above, Mizuho Corporate Bank and Mizuho Securities have introduced a double-hat structure to the domestic business promotion offices of both companies with approximately 50 employees in July 2009 to strengthen banking and securities business collaboration.

Others

Possible Irrecoverability or Delayed Collection of Claims on Japan Airlines Corporation and its Subsidiaries

In January 2010, we announced that claims on Japan Airlines Corporation, Japan Airlines International Co., Ltd. and JAL Capital Co., Ltd. held by Mizuho Corporate Bank may be delayed or become irrecoverable as the three companies filed for the commencement of corporate reorganization procedures with the Tokyo District Court. The total amount of claims held by Mizuho Corporate Bank against the three companies was ¥95.1 billion as of December 31, 2009. We do not expect to incur significant additional losses than those already recorded during the six months ended September 30, 2009.

Impact of the Dislocation in the Global Financial Markets

All figures in this subsection are approximate amounts based on a managerial accounting basis under Japanese GAAP used for risk monitoring purposes.

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The global financial market dislocation, which had caused not only significant liquidity problems and declines in value with respect to securitization products such as residential mortgage backed securities (RMBS) and collateralized debt obligations (CDOs) backed by RMBS but also adverse impacts on various markets, had adversely affected our financial condition and results of operations in recent years. However, in the six months ended September 30, 2009, due primarily to our efforts to reduce the balances of our securitization products through sales and other measures, reinforcing our risk management platform for securitization products and the gradual market recovery, the negative impact of the dislocation has become limited, and the losses incurred decreased significantly compared to the corresponding period in the previous fiscal year. This subsection sets forth information relating to such impact.

In the six months ended September 30, 2008 and 2009, 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) recorded the following gains and losses:

	Six months ended September 30, 2008 2009 (in billions of yen)	
Three principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities):		
Gains/losses on sales of securitization products, etc. (including devaluation and provision of reserve for possible losses on investments)	¥ (59)	¥ 8 ⁽²⁾
Gains/losses associated with ABCP programs		0
Net gains/losses on provision of reserve for possible losses on sales of loans	(7)	0
Profits/losses from hedging of securitization products exposure with credit default swaps	7	(13)
Subtotal	(59)	(4)
Mizuho Securities (including its overseas subsidiaries)⁽¹⁾:		
Trading gains/losses (net of hedges) on securitization products	(13)	1 ⁽³⁾
Subtotal	(13)	1
Total	¥ (72)⁽⁴⁾	¥ (3)⁽⁴⁾

Notes:

- (1) The figures do not include reserves for counterparty risks associated with the amount to be claimed at settlement of the CDS related to securitization products described in the table titled "Credit default swaps related to securitization products held by Mizuho Securities (including its overseas subsidiaries)" on page 9.
- (2) Includes ¥2 billion of gains on sales of foreign currency denominated securitization products, etc.
- (3) Includes ¥1 billion of trading gains (net of hedges) on foreign currency denominated securitization products.
- (4) We manage these gains/losses under Japanese GAAP, and beginning the fiscal year ended March 31, 2009, we no longer prepare the information regarding the corresponding figures under U.S. GAAP. The corresponding figure under U.S. GAAP for the six months ended September 30, 2008 was a loss of ¥110 billion compared to a loss of ¥72 billion under Japanese GAAP. We believe that the principal causes for the difference between Japanese GAAP and U.S. GAAP figures included the following:

Gains/losses on sales of securitization products, etc. (including devaluation and provision of reserve for possible losses on investments) 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 August 19, 2009 for further information. In addition, 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 16 to our consolidated financial statements included elsewhere in this report for further information.

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Net gains/losses on provision of reserve for possible losses on sales of loans. 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. See note 5 to our consolidated financial statements included elsewhere in this report for further information on valuation losses related to loans held for sale under U.S. GAAP.

Securitization Products

We continue to hold a significant amount of securitization products. The balance (fair value) (banking account) of securitization products held by our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities) was approximately ¥2,833 billion, of which approximately ¥532 billion was foreign currency-denominated as of September 30, 2009. Similarly, the net balance (fair value) (trading account) held by Mizuho Securities (including its overseas subsidiaries) was approximately ¥170 billion, of which approximately ¥35 billion was foreign currency-denominated as of September 30, 2009.

We reduced significantly the amount of securitization products, in particular foreign currency-denominated securitization products held by Mizuho Securities (including its overseas subsidiaries), in recent years.

The following table shows a breakdown of foreign currency-denominated securitization products held by our principal banking subsidiaries and their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities (banking account) as of March 31, 2009 and September 30, 2009:

	As of March 31, 2009		Changes in the six months ended September 30, 2009			As of September 30, 2009		Realized gains (losses) in the six months ended September 30, 2009 ⁽¹⁾⁽²⁾		As of September 30, 2009	
	Balance (fair value) ⁽¹⁾⁽²⁾	Marks (%) (fair value)/ (face value)	Gains (losses) ⁽³⁾	Foreign exchange rates	Sales, etc.	Balance (fair value) ⁽¹⁾⁽²⁾	Marks (%) (fair value)/ (face value)	Unrealized gains (losses) ⁽²⁾	September 30, 2009 ⁽¹⁾⁽²⁾	Hedged proportions within balance (fair value) ⁽⁴⁾	
(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	¥ 49	23%	¥ 4	¥ (0)	¥ (14)	¥ 38	19%	¥ 1	¥ 1		40%
CDOs backed by RMBS	5	3	1	(0)	(1)	4	3	1	0		
CDOs backed by claims against corporations (Securitization products backed by original assets (non-securitized assets))	44	55	4	(0)	(13)	34	52	0	1		40
RMBS ⁽⁵⁾ (underlying assets outside the U.S., mainly in Europe)	188	68	16	3	(2)	206	74	(6)	1		70
ABS, collateralized loan obligations (CLOs) and others	303	79	15	(13)	(19)	288	81	(14)	0		50
CLOs	182	90	11	(14)	(4)	176	92	(10)	0		50
ABS	69	77	7	0	(14)	62	80	(1)	3		50
CMBS	52	76	(2)	1	(1)	50	75	(3)	(3)		70
Total	¥ 540	62	¥ 36	¥ (10)	¥ (35)	¥ 532	64	¥ (19)	¥ 2		60

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Notes:

- (1) Except for the securitization products which were the reference assets of our securitization schemes for transferring credit risk to third parties (hedged portion), a reserve for possible losses on investments has been provided against unrealized losses on securitization products related to the discontinuation of business regarding credit investments primarily in Europe, which had been made as an alternative to loans. The balance of reserve was approximately ¥23 billion as of September 30, 2009. Since securities were recognized at fair value on the consolidated balance sheet, the relevant balances as of March 31, 2009 and September 30, 2009 were those after being offset by the amount of reserve for possible losses on investments.
- (2) With respect to the vast majority of credit investments in securitization products made as an alternative to loans by our European, North American and other offices, we changed the calculation method for fair value and applied reasonably calculated prices based on the reasonable estimates of our management as fair value. The book value of the relevant securitization products after the change was approximately ¥521 billion as of September 30, 2009. The impact of such change in the six months ended September 30, 2009 was as follows:
 Balance as of September 30, 2009: increased by approximately ¥133 billion
 Unrealized gains (losses) as of September 30, 2009: increased by approximately ¥8 billion
 Statement of income impact for the six months ended September 30, 2009: increased by approximately ¥15 billion
- (3) Includes realized gains (losses) and change in unrealized gains (losses).
- (4) The approximate proportions of balances (fair value) of our securitization products, as of September 30, 2009, which were the reference assets of our securitization schemes (with CDS and other means) for transferring credit risk to third parties until maturity. 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, 2009, the hedges included approximately ¥158 billion (on a notional amount basis) of credit default swaps entered into with a financial services subsidiary (A- rating) of a multi-line insurance company and approximately ¥89 billion (on a notional amount basis) of credit default swaps entered into with a government-affiliated financial institution (AA- rating). The ratings are based on the lowest external ratings as of September 30, 2009.
- (5) Excludes U.S. government-owned corporation bonds and government-sponsored enterprise bonds. The total balance (fair value) of U.S. government-owned corporation (Ginnie Mae) bonds and government-sponsored enterprises (GSEs) (Fannie Mae and Freddie Mac) bonds as of September 30, 2009 was approximately ¥610 billion, of which almost all consisted of RMBS guaranteed by Ginnie Mae, with approximately ¥13 billion of unrealized gains. There was no holding of stocks of these entities.

The following table shows a breakdown of foreign currency-denominated securitization products held by Mizuho Securities and its overseas subsidiaries (trading account, net of hedges) as of March 31, 2009 and September 30, 2009:

	As of March 31, 2009		Changes in the six months ended September 30, 2009			As of September 30, 2009		Realized gains (losses) in the six months ended September 30, 2009
	Balance (fair value)	Marks (%) (fair value)/ (face value)	Realized gains (losses)	Foreign exchange rates	Sales, etc.	Balance (fair value)	Marks (%) (fair value)/ (face value)	
(in billions of yen, except percentages)								
Foreign currency-denominated securitization products held by Mizuho Securities (including its overseas subsidiaries):								
ABSCDOs, CDOs	¥ 6	2%	¥ (0)	¥ (1)	¥ (4)	¥ 1	0%	¥ (0)
CDOs backed by RMBS	6	2	(0)	(1)	(4)	1 ⁽¹⁾	0	(0)
CDOs backed by CMBS			0					0
RMBS	1	1	0	(0)	(1)	0	0	0
RMBS backed by U.S. subprime mortgage loans	0	2	(0)	(0)	0	0	0	(0)
RMBS except above ⁽²⁾ (RMBS backed by mid-prime loans, prime loans and others)	1	1	0	(0)	(1)	0	0	0
ABS, CLOs and others	32	79	1	(3)	3	34	81	1
CLOs	24	83	(1)	(2)	(0)	22	79	(1)
CMBS	0	14	(0)	(0)	0	0	14	(0)
SIV-related	8 ⁽³⁾	72	2	(1)	3 ⁽³⁾	12 ⁽³⁾	86	2
Total	¥ 39	12	¥ 1	¥ (3)	¥ (2)	¥ 35	12	¥ 1

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Notes:

- (1) The proportion of U.S. subprime mortgage loan-related assets to total underlying assets was approximately 20%. Approximately 30% of the balance (fair value) was super senior tranche.
- (2) Excludes U.S. government-owned corporation bonds and government-sponsored enterprise bonds. The balance of RMBS issued or guaranteed by Ginnie Mae or GSEs (Fannie Mae and Freddie Mac) as of September 30, 2009 was approximately ¥34 billion, and the balance of the corporate bonds issued by Fannie Mae and Freddie Mac was approximately ¥107 billion, both of which were held for the purpose of, among other things, market-making activities in the United States. All of the bonds mentioned above were subject to mark-to-market accounting and thus there were no unrealized losses. There was no holding of stocks of these entities.
- (3) Obtained senior bonds issued by a SIV in settlement of CDS transactions where such bonds were treated as collateral. These CDS transactions were related to our CDO structuring business.

The following table shows a breakdown of credit ratings of the counterparties and reference assets of credit default swaps related to foreign currency-denominated securitization products held by Mizuho Securities (including its overseas subsidiaries) as of September 30, 2009:

	As of September 30, 2009				
	Notional amount (A)	Fair value of reference asset (B)	Amount to be claimed at settlement (Net present value)		Reserves for (C)
			(A)	(B) = (C)	
(in billions of yen)					
Credit default swaps related to securitization products held by Mizuho Securities (including its overseas subsidiaries):					
AAA ⁽¹⁾	¥	¥	¥		¥
RMBS CDOs					
Other CDOs (backed by claims against corporations)					
AA ⁽¹⁾	104	97	7		1
RMBS CDOs					
Other CDOs (backed by claims against corporations)					
of which counterparties are U.S. monoline insurers	19	16	3		1
A to BBB ⁽¹⁾	68	42	26		3
RMBS CDOs	19	7	11		0
Other CDOs (backed by claims against corporations)	49	35	15		3
Non-investment grade or no ratings ⁽¹⁾					
RMBS CDOs					
Other CDOs (backed by claims against corporations)					
Total	¥ 172	¥ 139	¥ 33		¥ 4
Of which counterparties are U.S. monoline insurers	¥ 19	¥ 16	¥ 3		¥ 1

Note:

- (1) Categorized by the lowest grade (external credit ratings as of September 30, 2009) in case of crossover credit. When the counterparty was guaranteed by third parties, categorization is by the higher grade of either of them. In case of SPVs that do not have issuer ratings, categorization is by the parties with which final risk resided or estimated ratings based on referencing to ratings of subordinated bonds and similar transactions.

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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 (including its overseas subsidiaries, but excluding subsidiaries of Mizuho Securities) and (ii) Mizuho Securities (including its overseas subsidiaries) as of September 30, 2009:

	As of September 30, 2009							Total
	RMBS CDOs	CDOs backed by claims against corporations	RMBS (in billions of yen, except percentages)	CLOs	ABS	CMBS		
Foreign currency-denominated securitization products held by our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities):								
Balance (fair value)	¥ 4	¥ 34	¥ 206 ⁽¹⁾	¥ 176	¥62 ⁽²⁾	¥ 50		¥ 532
By credit rating:								
AAA	0%	10%	10%	26%	25%	19%		18%
AA	0	18	37	63	7	32		40
A	0	31	33	7	41	32		25
BBB	0	24	16	0	21	8		11
BB or lower; no ratings	100	17	4	3	6	9		6
By geography:								
United States	100%	3%	0%	90%	0%	0%		31%
Europe	0	97	91	10	100	100		66
Asia	0	0	9	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	45%	2004	5%
Netherlands	24	2005	40
Spain	15	2006	36
Others	16	2007	17

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

Credit card receivables	28%
Lease/auto loan receivables	48
Others	24

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	As of September 30, 2009							
	RMBS CDOs	U.S. subprime RMBS	Other RMBS (in billions of yen, except percentages)	CLOs	CMBS	SIV-related	Total	
Foreign currency-denominated securitization products held by Mizuho Securities (including its overseas subsidiaries):								
Balance (fair value)	¥ 1	¥ 0 ⁽¹⁾	¥ 0 ⁽¹⁾	¥ 22	¥ 0	¥ 12	¥ 35	
By credit rating:								
AAA	0%	0%	0%	45%	0%	0%	29%	
AA	0	0	0	21	0	0	13	
A	0	0	0	0	0	100	34	
BBB	0	6	0	0	100	0	0	
BB or lower; no ratings	100	94	100	33	0	0	24	
By geography:								
United States	100%	100%	100%	67%	100%	100%	79%	
Europe	0	0	0	0	0	0	0	
Asia	0	0	0	32	0	0	20	

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	33%
2007	46

The following table shows a breakdown of yen-denominated securitization products held by (i) our principal banking subsidiaries (including their overseas subsidiaries, but excluding subsidiaries of Mizuho Securities) and (ii) Mizuho Securities (including its overseas subsidiaries) as of September 30, 2009:

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, 2009	Unrealized gains (losses) as of September 30, 2009	