MIZUHO FINANCIAL GROUP INC
Form 20-F
July 23, 2015
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 2015

OR

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

OR

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

For the transition period from to

Commission file number 001-33098

Kabushiki Kaisha Mizuho Financial Group

(Exact name of Registrant as specified in its charter)

Mizuho Financial Group, Inc.

(Translation of Registrant s name into English)

Japan

(Jurisdiction of incorporation or organization)

1-5-5 Otemachi

Chiyoda-ku, Tokyo 100-8176

Japan

(Address of principal executive offices)

Yutaka Ueki, +81-3-5224-1111, +81-3-5224-1059, address is same as above

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

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

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

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

None

(Title of Class)

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

None

(Title of Class)

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

At March 31, 2015, the following shares of capital stock were issued: (1) 24,621,897,967 shares of common stock (including 8,695,754 shares of common stock held by the registrant as treasury stock), (2) 914,752,000 shares of eleventh series class XI preferred stock (including 701,631,100 shares of eleventh series class XI preferred stock held by the registrant as treasury stock).

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

Yes x No ¨

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

Yes ¨ No x

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

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

Yes x No ¨

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

Yes x No ¨

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

Large accelerated filer x

Accelerated filer ¨ Non-accelerated filer ¨

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

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

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

Item 17 ¨ Item 18 ¨

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

Yes ¨ No x

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

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

¨ Yes ¨ No

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

Table of Contents

MIZUHO FINANCIAL GROUP, INC.

ANNUAL REPORT ON FORM 20-F

Table of Contents

1

Table of Contents

Table of Contents

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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

On July 1, 2013, a merger between the former Mizuho Bank, Ltd. and the former Mizuho Corporate Bank, Ltd. came into effect with the former Mizuho Corporate Bank as the surviving entity, which was renamed Mizuho Bank upon the merger. In this annual report, Mizuho Bank refers to the post-merger entity, while the former Mizuho Bank and the former Mizuho Corporate Bank refer to pre-merger Mizuho Bank and pre-merger Mizuho Corporate Bank, respectively.

In this annual report, our principal banking subsidiaries refer to Mizuho Bank and Mizuho Trust & Banking Co., Ltd. (or with respect to references as of a date, or for periods ending, before July 1, 2013, to the former Mizuho Bank, the former Mizuho Corporate Bank and Mizuho Trust & Banking).

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

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

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

This annual report contains forward-looking statements regarding the intent, belief, current expectations and targets of our management with respect to our financial condition and future results of operations. In many cases, but not all, we use such words as aim, anticipate, believe, endeavor, estimate, expect, intend, may, plan, probability, project, risk, seek, should, strive, target and similar expres management to identify forward-looking statements. You can also identify forward-looking

3

Table of Contents

statements by discussions of strategy, plans or intentions. These statements reflect our current views with respect to future events and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks and uncertainties include, without limitation, the following:

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

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

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

Table of Contents

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. Selected Financial Data

The following tables set forth our selected consolidated financial data.

The first table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2011, 2012, 2013, 2014 and 2015 which have been derived from the audited consolidated financial statements of Mizuho Financial Group prepared in accordance with U.S. GAAP included in this annual report.

The second table below sets forth selected consolidated financial data of Mizuho Financial Group as of and for the fiscal years ended March 31, 2011, 2012, 2013, 2014 and 2015 derived from Mizuho Financial Group s consolidated financial statements prepared in accordance with accounting principles generally accepted in Japan, or Japanese GAAP.

The consolidated financial statements of Mizuho Financial Group as of and for the fiscal years ended March 31, 2013, 2014 and 2015 prepared in accordance with U.S. GAAP have been audited in accordance with the standards of the Public Company Accounting Oversight Board (United States) by Ernst & Young ShinNihon LLC, independent registered public accounting firm.

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

Table of Contents

U.S. GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31,				
	2011	2012	2013	2014	2015
	(in millions of yen, except per share data, share number information and percentages)				
Statement of income data:					
Interest and dividend income	¥ 1,460,184	¥ 1,437,086	¥ 1,423,375	¥ 1,422,799	¥ 1,457,659
Interest expense	448,857	415,959	412,851	401,565	411,982
Net interest income	1,011,327	1,021,127	1,010,524	1,021,234	1,045,677
Provision (credit) for loan losses	647	(23,044)	139,947	(126,230)	(60,223)
Net interest income after provision (credit) for loan losses	1,010,680	1,044,171	870,577	1,147,464	1,105,900
Noninterest income	1,036,532	1,090,135	1,439,419	1,082,834	1,801,215
Noninterest expenses	1,435,855	1,471,471	1,424,816	1,503,955	1,639,462
Income before income tax expense (benefit)	611,357	662,835	885,180	726,343	1,267,653
Income tax expense (benefit)	193,227	13,878	4,024	226,108	437,420
Net income	418,130	648,957	881,156	500,235	830,233
Less: Net income (loss) attributable to noncontrolling interests	5,461	(7,432)	5,744	1,751	27,185
Net income attributable to MHFG shareholders	¥ 412,669	¥ 656,389	¥ 875,412	¥ 498,484	¥ 803,048
Net income attributable to common shareholders	¥ 403,231	¥ 647,717	¥ 867,191	¥ 491,739	¥ 798,138
Amounts per share:					
Basic earnings per common share net income attributable to common shareholders	¥ 20.44	¥ 28.07	¥ 36.05	¥ 20.33	¥ 32.75
Diluted earnings per common share net income attributable to common shareholders	¥ 19.22	¥ 26.78	¥ 34.47	¥ 19.64	¥ 31.64
Number of shares used to calculate basic earnings per common share (in thousands)	19,722,818	23,073,544	24,053,282	24,189,670	24,368,116
Number of shares used to calculate diluted earnings per common share (in thousands)	21,415,109	24,469,539	25,365,229	25,371,252	25,381,047
Cash dividends per share declared during the fiscal year[1]:					
Common stock	¥ 8.00	¥ 6.00	¥ 6.00	¥ 6.00	¥ 6.50
	$ 0.10	$ 0.07	$ 0.06	$ 0.06	$ 0.05
Eleventh series class XI preferred stock	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00
	$ 0.24	$ 0.24	$ 0.21	$ 0.19	$ 0.17
Thirteenth series class XIII preferred stock[2]	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00	¥
	$ 0.36	$ 0.36	$ 0.32	$ 0.29	$

6

Table of Contents

	As of and for the fiscal years ended March 31,				
	2011	2012	2013	2014	2015
	(in millions of yen, except per share data, share number information and percentages)				
Balance sheet data:					
Total assets	¥ 161,985,670	¥ 166,361,633	¥ 178,746,994	¥ 175,699,346	¥ 190,119,734
Loans, net of allowance	63,955,284	65,306,370	69,060,526	72,858,777	77,528,017
Total liabilities	157,950,314	161,714,609	172,889,899	169,077,975	181,929,890
Deposits	89,215,627	91,234,380	100,221,556	102,610,154	114,206,441
Long-term debt	8,953,496	8,461,818	8,802,223	9,853,941	14,582,241
Common stock	5,164,160	5,427,992	5,460,821	5,489,295	5,590,396
Total MHFG shareholders equity	3,673,487	4,470,766	5,728,120	6,378,470	7,930,338
Other financial data:					
Return on equity and assets:					
Net income attributable to common shareholders as a percentage of total average assets	0.25%	0.39%	0.50%	0.27%	0.42%
Net income attributable to common shareholders as a percentage of average MHFG shareholders equity	12.63%	15.56%	18.76%	9.64%	13.86%
Dividends per common share as a percentage of basic earnings per common share	29.35%	21.38%	16.64%	31.97%	22.90%
Average MHFG shareholders equity as a percentage of total average assets	2.01%	2.53%	2.67%	2.84%	3.04%
Net interest income as a percentage of total average interest-earning assets	0.75%	0.71%	0.66%	0.64%	0.63%

Notes:

(1) Yen amounts are expressed in U.S. dollars at the rate of ¥82.76 = $1.00, ¥82.41 = $1.00, ¥94.16 = $1.00, ¥102.98 = $1.00 and ¥119.96= $1.00 for the fiscal years ended March 31, 2011, 2012, 2013, 2014 and 2015, respectively. These rates are the noon buying rates on the respective fiscal year-end dates in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

(2) On July 11, 2013, we acquired and subsequently cancelled all of the thirteenth series class XIII preferred stock.

Table of Contents

Japanese GAAP Selected Consolidated Financial Information

	As of and for the fiscal years ended March 31, 2011	2012	2013	2014	2015
	(in millions of yen, except per share data and percentages)				
Statement of income data:					
Interest income	¥ 1,457,687	¥ 1,423,564	¥ 1,421,609	¥ 1,417,569	¥ 1,468,976
Interest expense	348,242	335,223	345,710	309,266	339,543
Net interest income	1,109,444	1,088,340	1,075,898	1,108,303	1,129,433
Fiduciary income	49,388	49,014	48,506	52,014	52,641
Net fee and commission income(1)	458,824	458,933	507,378	560,768	593,360
Net trading income	243,983	150,317	215,033	187,421	262,963
Net other operating income	163,680	256,468	324,899	126,774	209,340
General and administrative expenses(1)	1,277,848	1,283,847	1,244,647	1,258,227	1,351,611
Other income	156,212	263,024	198,063	344,275	301,652
Other expenses	268,261	265,803	407,299	135,962	207,147
Income before income taxes and minority interests	635,425	716,449	717,832	985,366	990,632
Income taxes:					
Current(2)	18,336	55,332	50,400	137,010	260,268
Deferred	120,123	97,494	7,461	77,960	44,723
Income before minority interests	496,965	563,621	659,970	770,396	685,640
Minority interests in net income	83,736	79,102	99,454	81,980	73,705
Net income	¥ 413,228	¥ 484,519	¥ 560,516	¥ 688,415	¥ 611,935
Net income per share:					
Basic	¥ 20.47	¥ 20.62	¥ 22.96	¥ 28.18	¥ 24.91
Diluted	19.27	19.75	22.05	27.12	24.10
Cash dividends per share declared during the fiscal year(3):					
Common stock(4)	¥ 8.00	¥ 6.00	¥ 6.00	¥ 6.00	¥ 6.50
	$ 0.10	$ 0.07	$ 0.06	$ 0.06	$ 0.05
Eleventh series class XI preferred stock(4)	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00	¥ 20.00
	$ 0.24	$ 0.24	$ 0.21	$ 0.19	$ 0.17
Thirteenth series class XIII preferred stock(5)	¥ 30.00	¥ 30.00	¥ 30.00	¥ 30.00	¥
	$ 0.36	$ 0.36	$ 0.32	$ 0.29	$
Balance sheet data:					
Total assets	¥ 160,812,006	¥ 165,360,501	¥ 177,411,062	¥ 175,822,885	¥ 189,684,749
Loans and bills discounted(6)	62,777,757	63,800,509	67,536,882	69,301,405	73,415,170
Securities	44,782,067	51,392,878	53,472,399	43,997,517	43,278,733
Deposits(7)	88,884,158	90,636,656	99,568,737	101,811,282	113,452,451
Net assets	6,623,999	6,869,295	7,736,230	8,304,549	9,800,538
Risk-adjusted capital data (Basel II)(8):					
Tier 1 capital	¥ 6,170,210	¥ 6,398,953	n.a.	n.a.	n.a.
Total risk-based capital	7,910,970	7,775,093	n.a.	n.a.	n.a.
Risk-weighted assets	51,693,835	50,144,934	n.a.	n.a.	n.a.
Tier 1 capital ratio	11.93%	12.76%	n.a.	n.a.	n.a.
Capital adequacy ratio	15.30	15.50	n.a.	n.a.	n.a.

Table of Contents

	2011	2012	2013	2014	2015
	As of and for the fiscal years ended March 31, (in millions of yen, except per share data and percentages)				
Risk-adjusted capital data (Basel III)[8]:					
Common Equity Tier 1 capital	n.a.	n.a.	¥ 4,802,418	¥ 5,304,412	¥ 6,153,141
Tier 1 capital	n.a.	n.a.	6,486,068	6,844,746	7,500,349
Total capital	n.a.	n.a.	8,344,554	8,655,990	9,508,471
Risk-weighted assets	n.a.	n.a.	58,790,617	60,274,087	65,191,951
Common Equity Tier 1 capital ratio	n.a.	n.a.	8.16%	8.80%	9.43%
Tier 1 capital ratio	n.a.	n.a.	11.03	11.35	11.50
Total capital ratio	n.a.	n.a.	14.19	14.36	14.58

Notes:

(1) For the fiscal year ended March 31, 2012, certain items in expenses regarding stock transfer agency business and pension management business, which had been recorded as General and administrative expenses by Mizuho Trust & Banking until the previous fiscal year, have been included in Net fee and commission income as Fee and commission expenses, and reclassification of prior year figures has been made accordingly.

(2) Includes refund of income taxes.

(3) Yen amounts are expressed in U.S. dollars at the rate of ¥82.76 = $1.00, ¥82.41 = $1.00, ¥94.16 = $1.00, ¥102.98 = $1.00 and ¥119.96 = $1.00 for the fiscal years ended March 31, 2011, 2012, 2013, 2014 and 2015, respectively. These rates are the noon buying rates on the respective fiscal year-end dates in New York City for cable transfers in yen as certified for customs purposes by the Federal Reserve Bank of New York.

(4) In June 2015, we declared and paid annual dividends of ¥7.5 per share of common stock and ¥20 per share of eleventh series class XI preferred stock for the fiscal year ended March 31, 2015.

(5) On July 11, 2013, we acquired and subsequently cancelled all of the thirteenth series class XIII preferred stock. Accordingly, cash dividend payments related to the thirteenth series class XIII preferred stock for the fiscal year ended March 31, 2014 were not be made during the fiscal year ending March 31, 2015.

(6) Bills discounted refer to a form of financing in Japan under which promissory notes obtained by corporations through their regular business activities are purchased by banks prior to their payment dates at a discount based on prevailing interest rates.

(7) Includes negotiable certificates of deposit.

(8) Risk-adjusted capital data are calculated on a Basel II basis until the fiscal year ended March 31, 2012, and on a Basel III basis from the fiscal year ended March 31, 2013. We adopted the advanced internal ratings-based approach (the AIRB approach) for the calculation of risk-weighted assets associated with credit risk from the fiscal year ended March 31, 2009. We also adopted the advanced measurement approach (the AMA) for the calculation of operational risk from the fiscal year ended March 31, 2010. For more details on capital adequacy requirements set by the Bank for International Settlements (BIS), and the guideline implemented by the Financial Services Agency in compliance thereto, see Item 5. Operating and Financial Review and Prospects Capital Adequacy.

There are certain differences between U.S. GAAP and Japanese GAAP. The differences between U.S. GAAP and Japanese GAAP applicable to us primarily relate to the accounting for derivative financial instruments and hedging activities, investments, loans, allowances for loan losses and off-balance-sheet instruments, premises and equipment, land revaluation, business combinations, pension liabilities, consolidation of variable interest entities, deferred taxes and foreign currency translation. See Item 5. Operating and Financial Review and Prospects Reconciliation with Japanese GAAP.

Table of Contents

Exchange Rate Information

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

Fiscal years ended (ending) March 31,	High	Low	Average(1)	Period end
		(yen per dollar)		
2011	¥ 94.68	¥ 78.74	¥ 85.00	¥ 82.76
2012	85.26	75.72	78.86	82.41
2013	96.16	77.41	83.26	94.16
2014	105.25	92.96	100.46	102.98
2015	121.50	101.26	110.78	119.96
2016 (through July 10)	125.58	118.80	122.17	122.75
Calendar year 2015				
January	¥ 120.20	¥ 116.78		
February	120.38	117.33		
March	121.50	119.01		
April	120.36	118.80		
May	124.18	119.09		
June	125.58	122.10		
July (through July 10)	123.14	120.54		

Note:

(1) Calculated by averaging the exchange rates on the last business day of each month during the respective periods. The noon buying rate as of July 10, 2015 was ¥122.75 = $1.00.

3.B. Capitalization and Indebtedness

Not applicable.

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

Not applicable.

3.D. Risk Factors

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

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

Table of Contents

Risks Relating to Our Business

We may incur significant credit-related and other costs in the future due to problem loans.

We are the primary bank lender for a large number of our corporate customers, and the amount of our loans and other claims to each of our major customers is significant. In addition, while we have made efforts to diversify our credit exposure along industry lines, the proportion of credit exposure to customers in the construction and real estate, banks and other financial institutions, and wholesale and retail industries is relatively high. We manage our credit portfolio by regularly monitoring the credit profile of each of our customers, the progress made on restructuring plans and credit exposure concentrations in particular industries or corporate groups, and we also utilize credit derivatives for hedging and credit risk mitigation purposes. In addition, we regularly assess the value of collateral and guarantees. However, depending on trends in the domestic and global economic environment, the business environment in particular industries and other factors, the amount of our problem loans and other claims could increase significantly, including as a result of the deterioration in the credit profile of customers for which we are the primary bank lender, other major customers or customers belonging to industries to which we have significant credit exposure, and the value of collateral and guarantees could decline. There can be no assurance that credit-related and other costs will not increase in the future as a result of the foregoing or otherwise.

Our equity investment portfolio exposes us to market risks that could adversely affect our financial condition and results of operations.

We hold substantial investments in marketable equity securities, mainly common stock of Japanese listed companies. In addition to the partial hedges that we apply as we deem necessary in recent years, we sold a portion of such investments, and we may make further sales in the future. However, significant declines in Japanese stock prices in the future would lead to unrealized losses, losses on impairment and losses from sales of equity securities which could have a material adverse effect on our financial condition and results of operations. In addition, net unrealized gains and losses on such investments, based on Japanese GAAP, are taken into account when calculating the amount of capital for purposes of the calculation of our capital adequacy ratios, and as a result, a decline in the value of such investments would negatively affect such ratios. Accordingly, our financial condition and results of operations could be materially and adversely affected.

Changes in interest rates could adversely affect our financial condition and results of operations.

We hold a significant amount of bonds, consisting mostly of Japanese government bonds, and other instruments primarily for the purpose of investment. As a result of such holdings, an increase in interest rates, primarily yen interest rates, could lead to unrealized losses of bonds or losses from sales of bonds. In addition, due mainly to differences in maturities between financial assets and liabilities, changes in interest rates could have an adverse effect on our average interest rate spread. We manage interest rate risk under our risk management policies, which provide for adjustments in the composition of our bond portfolio and the utilization of derivatives and other hedging methods to reduce our exposure to interest rate risk. However, in the event of significant changes in interest rates, including as a result of a change in Japanese monetary policy, increased sovereign risk due to deterioration of public finances and market trends, our financial condition and results of operations could be materially and adversely affected.

Our financial condition and results of operations could be adversely affected by foreign exchange rate fluctuations.

A portion of our assets and liabilities is denominated in foreign currencies, mainly the U.S. dollar. The difference between the amount of assets and liabilities denominated in foreign currencies leads to foreign currency translation gains and losses in the event of fluctuations in foreign exchange rates. Although we hedge a portion of our exposure to foreign exchange rate fluctuation risk, our financial condition and results of operations could be materially and adversely affected if future foreign exchange rate fluctuations significantly exceed our expectations.

Table of Contents

We may incur further losses relating to decreases in the market liquidity of assets that we hold.

The market liquidity of the various marketable assets that we hold may decrease significantly due to turmoil in financial markets and other factors, and the value of such assets could decline as a result. If factors such as turmoil in global financial markets or the deterioration of economic or financial conditions cause the market liquidity of our assets to decrease significantly, our financial condition and results of operations could be materially and adversely affected.

Our pension-related costs could increase as a result of revised assumptions or changes in our pension plans.

Our pension-related costs and projected benefit obligations are calculated based on assumptions regarding projected returns on pension plan assets and various actuarial assumptions relating to the plans. If actual results differ from our assumptions or we revise our assumptions in the future, due to changes in the stock markets, interest rate environment or otherwise, our pension-related costs and projected benefit obligations could increase. In addition, any future changes to our pension plans could also lead to increases in our pension-related costs and projected benefit obligations. As a result, our financial condition and results of operations could be materially and adversely affected.

A decrease in deferred tax assets, net of valuation allowance, due to a change in our estimation of future taxable income or change in Japanese tax policy could adversely affect our financial condition and results of operations.

We recorded deferred tax assets, net of valuation allowance, based on a reasonable estimation of future taxable income in accordance with applicable accounting standards. Our financial condition and results of operations could be materially and adversely affected if our deferred tax assets decrease due to a change in our estimation of future taxable income, a change in tax rate as a result of tax system revisions or other factors. Because we consider the sale of available-for-sale securities to be a qualifying tax-planning strategy, turmoil in financial markets such as significant declines in stock prices could lead to a decrease in our estimated future taxable income.

Financial transactions entered into for hedging and other similar purposes could adversely affect our financial condition and results of operations.

The accounting and valuation methods applied to credit and equity derivatives and other financial transactions that we enter into for hedging and credit risk mitigation purposes are not always consistent with the accounting and valuation methods applied to the assets that are being hedged. Consequently, in some cases, due to changes in the market or otherwise, losses related to such financial transactions during a given period may adversely affect net income, while the corresponding increases in the value of the hedged assets do not have an effect on net income for such period. As a result, our financial condition and results of operations could be materially and adversely affected during the period.

Failure to maintain capital adequacy ratios above minimum required levels, as a result of the materialization of risks or regulatory changes, could result in restrictions on our business activities.

We endeavor to maintain sufficient levels of capital adequacy ratios, which are calculated pursuant to standards set forth by Japan s Financial Services Agency and based on Japanese GAAP, taking into account our plans for investments in risk-weighted assets, the efficiency of our capital structure and other factors. However, our capital adequacy ratios could decline in the future, including as a result of the materialization of any of the risks enumerated in these Risk Factors and changes to the methods we use to calculate capital adequacy ratios. Also, there are regulatory adjustments such as goodwill and other intangibles, deferred tax assets, investments in the capital of banking, financial and insurance entities etc., that are deducted from our regulatory capital under certain conditions. Our or our banking subsidiaries regulatory capital and capital adequacy ratios could decline due to such regulations.

Table of Contents

In addition, if the framework set by the Basel Committee on Banking Supervision, upon which the Financial Services Agency s rules concerning banks capital adequacy ratios are based, is changed or if the Financial Services Agency otherwise changes its banking regulations, we might not be able to meet the minimum regulatory requirements for capital adequacy ratios. For example, in December 2010, the Basel Committee on Banking Supervision issued its Basel III rules text, which presents the details of global regulatory standards on bank capital adequacy and liquidity. In March 2012, the Financial Services Agency published revisions to its capital adequacy guidelines which generally reflect rules in the Basel III text and became effective as of March 31, 2013. Furthermore, the Financial Stability Board (the FSB) named us as one of 30 global systemically important banks (G-SIBs) in November 2014. As a G-SIB, we will be subject to additional capital requirements. See Management s Discussion and Analysis of Financial Condition and Results of Operations of Mizuho Financial Group Capital Adequacy and Supervision and Regulation Capital Adequacy. The group of G-SIBs will be updated annually and published by the FSB each November.

If the capital adequacy ratios of us and our banking subsidiaries fall below specified levels, the Financial Services Agency could require us to take corrective actions, including, depending on the level of deficiency, submission of an improvement plan that would strengthen our capital base, a reduction of our total assets or a suspension of a portion of our business operations. In addition, some of our banking subsidiaries are subject to capital adequacy regulations in foreign jurisdictions such as the United States, and our business could be adversely affected if their capital adequacy ratios fall below specified levels.

Downgrades in our credit ratings could have negative effects on our funding costs and business operations.

Credit ratings are assigned to Mizuho Financial Group, our banking subsidiaries and a number of our other subsidiaries by major domestic and international credit rating agencies. The credit ratings are based on information furnished by us or obtained by the credit rating agencies from independent sources and are also influenced by credit ratings of Japanese government bonds and general views regarding the Japanese financial system as a whole. The credit ratings are subject to revision, suspension or withdrawal by the credit rating agencies at any time. A downgrade in our credit ratings could result in, among other things, the following:

- increased funding costs and other difficulties in raising funds;
- the need to provide additional collateral in connection with financial market transactions; and
- the termination or cancellation of existing agreements.

As a result, our business, financial condition and results of operations could be materially and adversely affected.

For example, the additional collateral requirement in connection with our derivative contracts, absent other changes, assuming a downgrade occurred on March 31, 2015, would have been approximately $33 million for a one-notch downgrade and approximately $109 million for a two-notch downgrade.

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

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

- adverse developments with respect to our financial condition and results of operations;
- downgrading of our credit ratings or damage to our reputation; or

13

Table of Contents

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

Our Medium-term Business Plan and other strategic initiatives and measures may not result in the anticipated outcome.

We have been implementing strategic initiatives and measures in various areas. In February 2013, we announced our new Medium-term Business Plan for the three fiscal years ending March 31, 2016, in which we set forth various strategic initiatives and measures and also established a number of key target figures that we aim to achieve by the end of the fiscal year ending March 31, 2016.

However, we may not be successful in implementing such initiatives and measures, or even if we are successful in implementing them, the implementation of such initiatives and measures may not have their anticipated effects. In addition, we may not be able to meet the key target figures announced in the Medium-term Business Plan due to these or other factors, including, but not limited to, differences in the actual economic environment compared to our assumptions underlying the Medium-term Business Plan, as well as the risks enumerated in these Risk Factors.

We will be exposed to new or increased risks as we expand the range of our products and services.

We offer a broad range of financial services, including banking, trust, securities and other services. As the needs of our customers become more sophisticated and broader in scope, and as the Japanese financial industry continues to be deregulated, we have been entering into various new areas of business, including through various business and equity alliances, which expose us to new risks. While we have developed and intend to maintain risk management policies that we believe are appropriate to address such risks, if a risk materializes in a manner or to a degree outside of our expectations, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to various laws and regulations, and violations could result in penalties and other regulatory actions.

Our business and employees in Japan are subject to various laws and regulations, including those applicable to financial institutions as well as general laws applicable to our business activities, and we are under the regulatory oversight of the Financial Services Agency. Our businesses outside of Japan are also subject to the laws and regulations of the jurisdictions in which they operate and are subject to oversight by the regulatory authorities of those jurisdictions.

Our compliance and legal risk management structures are designed to prevent violations of such laws and regulations, but they may not be effective in preventing all future violations. Future violations of laws and regulations could result in regulatory action and harm our reputation, and our business, financial condition and results of operations could be materially and adversely affected.

Employee errors and misconduct could subject us to losses and reputational harm.

Because we process a large number of transactions in a broad range of businesses, we are subject to the risk of various operational errors and misconduct, including those caused by employees. Our measures to reduce employee errors, including establishment of operational procedures, regular reviews regarding compliance with these procedures, employee training and automation of our operations, may not be effective in preventing all employee errors and misconduct. Significant operational errors and misconduct in the future could result in losses, regulatory actions or harm to our reputation. As a result, our business, financial condition and results of operations could be materially and adversely affected.

Problems relating to our information technology systems could significantly disrupt our business operations.

We depend significantly on information technology systems with respect to almost all aspects of our business operations. Our information technology systems network, including those relating to bank accounting and cash settlement systems, interconnects our branches and other offices, our customers and various clearing and settlement systems located worldwide. Our efforts to sustain stable daily operations and development of contingency plans for unexpected events, including the implementation of backup and redundancy measures, may not be effective in preventing significant disruptions to our information technology systems caused by, among other things, human error, accidents, hacking, computer viruses, cyber attacks, and development and renewal of computer systems. In the event of any such disruption, our business, financial condition and results of operations could be materially and adversely affected due to disruptions in our business operations, liability to customers and others, regulatory actions or harm to our reputation.

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

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

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

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

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

As a New York Stock Exchange-listed company and an SEC registrant, we have developed disclosure controls and procedures and internal control over financial reporting pursuant to the requirements of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC promulgated pursuant thereto. Our management reports on, and our independent registered public accounting firm attests to, the effectiveness of our internal controls over financial reporting, as required, in our annual report on Form 20-F. In addition, our management is required to report on our internal control over financial reporting, and our independent registered public accounting firm is required to provide its opinion concerning the report of our management, in accordance with the Financial Instruments and Exchange Act of Japan. To the extent any issues are identified through the foregoing processes, there can be no assurance that we will be able to address them in a timely manner or at all. Furthermore, even if our management concludes that our internal control over financial reporting are effective, our independent registered public accounting firm may still be unable to issue a report that concludes that our internal control over financial reporting are effective. In either case, we may lose investor confidence in the reliability of our financial statements.

Table of Contents

We are subject to risk of litigation and other legal proceedings.

As a financial institution engaging in banking and other financial businesses in and outside of Japan, we are subject to the risk of litigation for damages and other legal proceedings in the ordinary course of our business. Adverse developments related to future legal proceedings could have a material adverse effect on our financial condition and results of operations.

Our risk management policies and procedures may not adequately address unidentified or unanticipated risks.

We devote significant resources to strengthening our risk management policies and procedures. Despite this, and particularly in light of the rapid evolution of our operations, our policies and procedures designed to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon our use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than the historical measures indicate. If our risk management policies and procedures do not function effectively, our financial condition and results of operations could be materially and adversely affected.

Transactions with counterparties in Iran and other countries designated by the U.S. Department of State as state sponsors of terrorism may lead some potential customers and investors to avoid doing business with us or investing in our securities or have other adverse effects.

U.S. law generally prohibits U.S. persons from doing business with countries designated by the U.S. Department of State as state sponsors of terrorism (the Designated Countries), which currently includes Iran, Sudan and Syria and we maintain policies and procedures to comply with U.S. law. Our non-U.S. offices engage in transactions relating to the Designated Countries on a limited basis and in compliance with applicable laws and regulations, including trade financing with respect to our customers export or import transactions and maintenance of correspondent banking accounts. In addition, we maintain a representative office in Iran. We do not believe our operations relating to the Designated Countries are material to our business, financial condition or results of operations. We maintain policies and procedures to ensure compliance with applicable Japanese and U.S. laws and regulations.

The laws and regulations applicable to dealings involving the Designated Countries are subject to further strengthening or changes. If the U.S. government considers that our compliance measures are inadequate, we may be subject to regulatory action which could materially and adversely affect our business. In addition, we may become unable to retain or acquire customers or investors in our securities, or our reputation may suffer, potentially having adverse effects on our business or the price of our securities.

Our common stock may be subject to dilution as a result of conversion of our convertible preferred stock.

Holders of our eleventh series class XI preferred stock may convert their shares to common stock by requesting us to acquire such shares and issue or transfer common stock to them at any time between July 1, 2008 and June 30, 2016, with mandatory conversion on July 1, 2016. Due to the dilution of our common stock that occurs as a result of the increase in the number of outstanding shares of common stock upon such conversion, the price of our common stock could decline.

We may be subject to risks related to dividend distributions.

As a holding company, we rely on dividend payments from our banking and other subsidiaries for almost all of our income. As a result of restrictions, such as those on distributable amounts under Japan s Companies Act, or otherwise, our banking and other subsidiaries may decide not to pay dividends to us. In addition, we may experience difficulty in making, or become unable to make, dividend payments to our shareholders and dividend or interest payments on capital securities issued by our group due to the deterioration of our results of operations and financial condition and/or the restrictions under the Companies Act or due to the strengthening of bank capital regulations. For more information on restrictions to dividend payments under the Companies Act, see Item 10.B. Additional Information Memorandum and Articles of Association.

We may be adversely affected if economic or market conditions in Japan or elsewhere deteriorate.

We conduct business operations in Japan as well as overseas, including in the United States, Europe and Asia. If general economic conditions in Japan or other regions were to deteriorate or if the financial markets become subject to turmoil, we could experience weakness in our business, as well as deterioration in the quality of our assets. Future deterioration in general economic conditions or financial market turmoil could materially and adversely affect our financial condition and results of operations.

Amendments and other changes to the laws and regulations that are applicable to us could have an adverse effect on us.

We are subject to general laws, regulations and accounting rules applicable to our business activities in and outside of Japan. We are also subject to various laws and regulations applicable to financial institutions such as the Banking Act, including capital adequacy requirements, in and outside of Japan. If the laws and regulations that are applicable to us are amended or otherwise changed, such as in a way that restricts us from engaging in business activities that we currently conduct, our business, financial condition and results of operations could be materially and adversely affected.

Intensification of competition in the market for financial services in Japan could have an adverse effect on us.

Ongoing deregulation in Japan has lowered the barriers to entry with respect to the provision of banking, trust, securities and other financial services. While such deregulation has the effect of increasing our own business opportunities, it also allows other major financial groups, foreign financial institutions, non-bank finance companies, government-affiliated entities such as Japan Post Bank and other financial services providers to enter into new business areas or expand existing businesses, resulting in the intensification of competition in the financial services industry. If we are unable to respond effectively to current or future competition, our business, financial condition and results of operations could be adversely affected. In addition, intensifying competition and other factors could lead to reorganization within the financial services industry, and this could have an adverse effect on our competitive position or otherwise adversely affect the price of our securities.

Our business could be significantly disrupted due to natural disasters, accidents or other causes.

Our headquarters, branch offices, information technology centers, computer network connections and other facilities are subject to the risk of damage from natural disasters such as earthquakes and typhoons as well as from acts of terrorism and other criminal acts. In addition, our business could be materially disrupted as a result of an epidemic such as new or reemerging influenza infections. Our business, financial condition and results of operations could be adversely affected if our recovery efforts, including our implementation of contingency plans that we have developed such as establishing back-up offices, are not effective in preventing significant disruptions to our business operations caused by natural disasters and criminal acts. Additionally, massive natural disasters such as the March 2011 Great East Japan Earthquake may have various adverse effects, including a deterioration in economic conditions, declines in the business performance of many of our corporate customers and declines in stock prices. As a result, our financial condition and results of operations could be materially and adversely affected due to an increase in the amount of problem loans and credit-related costs as well as an increase in unrealized losses on, or losses from sales of, equity securities and financial products.

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

Our business depends on maintaining the trust of depositors and other customers and market participants. Negative rumors about us, spread through media coverage, communications between market participants,

Table of Contents

Internet postings or otherwise, could lead to our customers and market participants believing factually incorrect information about us and harm our reputation. In the event we are unable to dispel such rumors or otherwise restore our reputation, our business, financial condition, results of operations and the price of our securities could be materially and adversely affected.

Risks Related to Owning Our Shares

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

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

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

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

Risks Related to Owning Our ADSs

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

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

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

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

Table of Contents

ITEM 4. INFORMATION ON THE COMPANY
4.A. History and Development of the Company

The Mizuho Group

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

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

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

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

In May 2009, Mizuho Securities and Shinko Securities Co., Ltd. conducted their merger, with the aim of improving our service-providing capabilities to our clients and to offer competitive cutting-edge financial services on a global basis.

In September 2011, Mizuho Trust & Banking became a wholly-owned subsidiary of Mizuho Financial Group, Mizuho Securities became an unlisted subsidiary of the former Mizuho Corporate Bank and Mizuho Investors Securities became a wholly-owned subsidiary of the former Mizuho Bank, through their respective stock-for- stock exchanges. The purpose of these stock-for-stock exchanges is to further enhance the group collective capabilities by integrating group-wide business operations and optimizing management resources such as workforce and branch network.

In January 2013, Mizuho Securities and Mizuho Investors Securities merged in order to provide integrated securities services as the full-line securities company of the Mizuho group. Mizuho Securities aims to further strengthen collaboration among banking, trust banking and securities businesses of the group, expand the company s customer base to enhance the domestic retail business, and rationalize and streamline management infrastructure.

Table of Contents

In April 2013, we turned Mizuho Securities, a consolidated subsidiary of Mizuho Financial Group, into a directly-held subsidiary of Mizuho Financial Group, whereby we moved to a new group capital structure, placing banking, trust banking, securities and other major group companies under the direct control of the holding company.

In July 2013, the former Mizuho Bank and the former Mizuho Corporate Bank merged, and the former Mizuho Corporate Bank, the surviving company, changed its trade name to Mizuho Bank, Ltd. The purpose of the merger is to become able to provide directly and promptly diverse and functional financial services to both the former Mizuho Bank and the former Mizuho Corporate Bank customers, utilizing the current strengths and advantages of the former Mizuho Bank and the former Mizuho Corporate Bank, and to continue to improve customer services by further enhancing group collaboration among the banking, trust and securities functions and, at the same time, to realize further enhancement of the consolidation of group-wide business operations and optimization of management resources, such as workforce and branch network, by strengthening group governance and improving group management efficiency.

Other Information

Our registered address is 1-5-5, Otemachi, Chiyoda-ku, Tokyo 100-8176, Japan, and our telephone number is +81-3-5224-1111.

4.B. Business Overview

General

We engage in banking, trust banking, securities and other businesses related to financial services.

Since the fiscal year 2013, we have been promoting One MIZUHO New Frontier Plan Stepping up to the Next Challenge , the three year medium-term business plan.

This medium-term business plan is a proactive plan aimed at launching the new Mizuho toward the new frontier of the next generation of finance, in response to structural and regulatory changes in the economy and society both in Japan and overseas. In the medium-term business plan, we have developed five basic policies reflecting our vision for our future, the necessary elements for the new frontier of finance and our future direction based on an analysis of our current situation, and to add more detail to these five basic policies, we have also developed ten basic strategies in terms of business strategy as well as business management and management foundations, etc., as follows.

Mizuho s Vision

The most trusted financial services group with a global presence and a broad customer base, contributing to the prosperity of the world, Asia and Japan.

- The most trusted financial services group
- The best financial services provider
- The most cohesive financial services group

Five Basic Policies

- Further develop integrated strategies across the group for each customer segment to respond to the diverse needs of our customers.
- Contribute to sustainable development of the world and Japan by proactively responding to change.

Mizuho Means Asia: accelerate globalizations.

Table of Contents

- Build strong financial and management foundations to support the essence of Mizuho.

- Form strong corporate governance and culture in the spirit of One MIZUHO.

Ten Basic Strategies

Business Strategy

- Strengthen integrated financial services by unifying banking, trust banking and securities functions to respond to finely delineated corporate and personal banking segments.

- Perform consulting functions taking advantage of our industry and business knowledge and forward-looking perspective.

- Support formation of personal financial assets in Japan and invigorate their investment.

- Strengthen proactive risk-taking functions for growth industries and corporations.

- Strengthen and expand Asia-related business in Japan and on a global basis.

- Cultivate multi-level transactions by capturing the accelerating global capital and trade flows.

Business Management, Management Foundations, etc.

- Strengthen stable financial foundations based on abundant liquidity and appropriate capital levels.

- Establish the optimal management foundations (human resources and business infrastructure) to support business strategy.

- Further strengthen proactive governance and risk management.

- Embed the new Mizuho corporate identity toward forming a common culture throughout the group and take actions toward becoming the best financial services provider.

During the fiscal year 2014, the second fiscal year of the medium-term business plan, we have been striving to realize our commitment to become the most trusted financial services group.

Specifically, we have pursued unified strategies across the group-wide banking, trust banking and securities business areas with the intent of developing the cross-organizational financial know-how and industry knowledge of the group companies and thereby providing various financial services in a prompt manner through group-wide collaboration in response to various customer needs.

In addition, together with regional financial institutions, we have undertaken various regional revitalization activities, which include regional economic revitalization. We have also actively executed our policies to achieve even greater progress through, among other things, the execution of an agreement for the acquisition of a credit portfolio in respect of the wholesale market in North America from The Royal Bank of Scotland

Group plc and the launch of preparations and discussions for integrating the asset management group companies in order to strengthen our asset management business.

With respect to corporate governance, we have endeavored to establish a corporate governance structure suitable for a global systemically important financial institution (G-SIFI), such as strengthening the functions of the holding company, as well as transforming Mizuho Financial Group into a Company with Three Committees (a Company with Committees under the Companies Act before the amendments thereto became effective as of May 1, 2015) in June 2014.

With respect to legal compliance, in conjunction with further enhancing its framework for the severance of business relations with anti-social elements, Mizuho Financial Group has intensified various efforts, including countermeasures against money laundering and terrorist financing.

Table of Contents

We consider the fiscal year ending March 31, 2016, which is the last fiscal year of the medium-term business plan, to be the year to concentrate our efforts on strengthening our competitive advantage and will further advance the unified strategies across the group-wide banking, trust banking and securities business areas in order to realize the purpose of the plan. At the same time, we will strive to further strengthen our corporate governance.

As part of this approach, we determined to prioritize the following four business areas: transactions with family-owned companies, transactions with large corporate customers, transactions with non-Japanese blue-chip companies and asset management business. We established a system to focus on these areas by assigning the Officers in charge of Strategic Planning (Priority Assignments) to these areas. We will steadily promote this strategy and strive to secure its competitive advantage in these areas.

Enhancing of Corporate Governance

We will continue to endeavor to enhance the sophistication of the corporate governance structure that is suitable for a G-SIFI in consideration of requirements both in Japan and overseas for a strong corporate governance.

In addition, in June 2015, we filed our Corporate Governance Report, which describes our actions in response to the Corporate Governance Code, with the Tokyo Stock Exchange. After considering each principle of the code based on our intent and spirit, we have decided to comply with all of the principles.

Furthermore, we will commit ourselves to continue to conduct our business operations appropriately, in compliance with the structure for ensuring appropriate conduct of operations (internal control system) determined by a resolution of the Board of Directors.

Establishment of the Risk Appetite Framework

Starting this fiscal year, we have introduced a risk appetite framework, in light of enhancement of corporate values through the integrated group-wide operation of business strategies, financial strategies and risk controls. Specifically, we have established a policy on risk-taking, decided on the risk limits based on specific risk categories, and provided them to the units responsible for planning and advancing our business strategies. The risk-taking policy was set separately for each of the three categories: universal risk-taking category, medium- to long-term objectives and current fiscal year objectives. We will continue to promote effective business operations in accordance with our risk-taking policy, by nurturing a sound risk culture within the organization and by taking actions to raise the awareness of all officers and employees.

Establishment of Data Management Division and Assignment of Chief Data Officer

Against the backdrop of the tightening of financial regulations and the development of information technology world-wide, we established the Data Management Division in July 2014, and the officer in charge was the Chief Data Officer (CDO), in consideration of the importance of the collection and analysis, and the management of data that is applied to our business operations. The CDO is responsible for promoting data management and will centrally manage data for the banking, trust banking and securities businesses and will enhance marketing efforts through strong risk management and effective application of big data.

Establishment of Corporate Culture

We will continue to take initiatives to establish a strong corporate culture that will support corporate governance. Specifically, we will further strengthen continued actions related to each initiative by having each division and branch create its own visions and supporting the initiatives towards realizing these visions, commencing discussion sessions with senior management, and off-site meetings for general managers of head office divisions and marketing offices in Japan and overseas.

Table of Contents

Further Market Penetration of Mizuho Brand

We have adopted the brand slogan, One MIZUHO: Building the future with you, to indicate our commitment to become The most trusted financial services group with a global presence and a broad customer base, contributing to the prosperity of the world, Asia and Japan. In order to further the market penetration of the Mizuho brand, we will strive to achieve the business plans for the fiscal year ending March 31, 2016 and make efforts to practice communication of the Mizuho brand. Specifically, we have started, since April 2015, the social contribution project, Mizuho Heartful Action, such as registering Mizuho branches as children s refuge centers, increasing branches with interpreting services for non-Japanese speaking customers, providing tablet banking services that allow users to fill out forms online, and conducting voluntary activities within local communities. Moreover, we will continue to implement measures to further improve the value of the Mizuho brand.

Group Operations

Group Operational Structure

We established ten business units to determine strategies and initiatives across the group-wide banking, trust banking, securities and other business areas.

Personal Banking Unit

The Personal Banking Unit provides products and services to individuals, and we strive to improve our ability to provide services and become a financial group that continues to be chosen by customers by fully utilizing our banking, trust banking and securities functions.

In the asset management business area, we expanded our line of products and provided advices for asset management by utilizing NISA (a Japanese version of Individual Savings Account that provides individual customers with tax exemption for income related to certain investments up to a maximum amount) in order to meet customer needs. In addition, Mizuho Bank has started brokerage services of Mizuho Securities financial products.

Furthermore, in order to support smooth succession of asset inheritance of our customers, we provide services such as inheritance distribution and testamentary trust that utilize trust function, and we have also expanded our line of products such as family trust and calendar-year gift trust.

With respect to the loan business, we have expanded our lineup of housing loan and card loan products and offer various products and services in response to each customer s life stage, including release of products utilizing value of housing assets of the customer.

We also provide products/services with officers and directors of our corporate clients, such as opening account for payrolls, providing housing loans, management of retirement payments, etc.

In addition to expanding our branch network throughout Japan (Mizuho Bank: 461, Mizuho Trust & Banking: 53, Mizuho Securities: 272, each as of March 31, 2015) and our ATM network (approximately 6,700 locations as of March 31, 2015, including ATMs shared with AEON Bank). We also have 164 of Mizuho Securities Planet Booths, which are located in the branches and offices of Mizuho Bank and 16 of Mizuho Trust Trust Lounges (which are located in the branches and offices of Mizuho Bank) as of March 31, 2015.

In addition, we strengthen our marketing skills by enhancing our internet banking function as well as call center marketing with sophisticated technologies.

Further we undertake the business related to lottery tickets, such as the sales of lottery tickets issued by prefectures and government-ordinance-designated cities.

Retail Banking Unit

The Retail Banking Unit provides products and services mainly to individual customers such as business owners, land owners, lease holders, etc., and SMEs.

In response to the challenges of business growth, expansion and succession and the needs of business owner customers such as asset inheritance and asset management, etc., we provide the most suitable solutions in relation to both corporate and individual matters by unifying our banking, trust banking and securities functions. Through those efforts, we aim to be a long-term business partner of our customers in relation to both corporate and individual matters.

In addition, we stably supply customers with ample funds while securing appropriate levels of interest rates in accordance with their risks, through our overall lending operations for small-scale companies in Mizuho Business Financial Center, a subsidiary that specializes in making loans.

Corporate Banking Unit (Large Corporations)

The Corporate Banking Unit (Large Corporations) engages in relationship management for large corporations and their affiliates in Japan.

By integrating the group s specialty functions, including banking, trust banking and securities, and based on our solid relationship with our domestic customers and utilizing our global industry knowledge, we offer a full range of financial solutions on a global basis to meet our customers needs in fund-raising, management and financial strategies.

Mizuho Bank and Mizuho Securities introduced the dual-hat structure in several offices in Japan. Mizuho Bank and Mizuho Securities collaborate globally to implement our securities strategy on a global basis and to provide our customers solutions based on their capital management, business strategy and financial strategy.

Mizuho Bank and Mizuho Trust & Banking together provide solutions in relation to real estate (regarding which we have a leading track record in the industry in Japan), pension, securitization of assets, securities management, stock transfer agent, consulting, etc., to our customers diversified needs for investment and asset reduction.

Further, we are proactively providing risk money to develop next-generation industries and growth industries.

Corporate Banking Unit

The Corporate Banking Unit provides products and services with the corporate market, consisting mainly of mid-sized enterprises and SMEs.

We provide a range of solution businesses in accordance with the growth strategy of our corporate customers: stable fund-raising, mergers and acquisitions and initial public offerings for customers in their start-up or growth stages, and management buy-out, business succession, entry into new business lines and business restructuring for customers in mature or transition stages, through unifying our banking, trust banking and securities functions.

With an aim to provide financial services together with sophisticated advisory services that are appropriate in light of the customers business strategies, we respond to customers needs through various solution businesses such as offering syndicated loans targeted at SMEs, advisory services related to overseas expansions, mergers and acquisitions-related services and business matching services. On top of this, we develop financial products brokerage business and strengthen the initiatives to enhance the customer base for trustee business for defined contribution pension plans and support for start-up companies in cooperation with Mizuho Capital Co., Ltd.

Table of Contents

We also positively attend to the funding needs of our customers to support the business growth of customers.

Financial Institutions & Public Sector Business Unit

The Financial Institutions & Public Sector Business Unit provides products and services mainly to financial institutions and central and local governments.

For financial institution customers in Japan, we offer advisory services and solutions, such as advice on financial strategy and risk management, support for overseas business, support for revitalization of regional economies and proposals on various investment products, by concentrating our various financial expertise from each group company to meet the increasingly sophisticated and varied needs of customers. As part of our approach to revitalize the community, we established the Sixth Industry Fund for the Agriculture, Forestry and Fishing Sector to promote stable growth and development of the primary industry of agriculture, forestry and fishery by adding value through the integration of its production, processing and logistical operations and transform such industry into the so-called* sixth industry, and we invest in entities that engage in the transformation thereof.

*Sixth industry refers to activities to creat new added value through the comprehensive and unified promotion of the first industry consisting of agriculture, forestry and fishing sectors, the second industry consisting of manufacturing sector as well as the third industry consisting of retail and other businesses (1^{st} x 2^{nd} x 3^{rd} = 6^{th} industry).

For public sector entities, we provide comprehensive financial services that include funding support via the subscription and underwriting of public bonds, cooperation between the public and private sectors, i.e., services as a designated financial institution, PFI and PPP, and arrangement of syndicated loans.

Regarding our bond-related businesses, with our extensive experience and track record as a leading bank in this area, we support our customers financing needs by underwriting bonds issued by public sector entities and working as the commissioned bank or fiscal agent for bonds issued by corporations, financial institutions and public sector entities.

International Banking Unit

The International Banking Unit is responsible for business with non-Japanese companies and Japanese companies that conduct business overseas.

In this business area, we provide unified support both in Japan and overseas for our Japanese corporate customers to expand their overseas operations. We do this by providing highly specialized services that use our advanced financial technologies and expertise. Particularly in the Asia region, we support Japanese corporate customers in connection with their entry into these markets by offering advisory and other services.

We also actively promote business with non-Japanese corporate customers, such as business development towards Asia by the U.S. and European global companies as well as business expansion of Asian multi-national enterprises within Asia, through our global network. In addition, with respect to our non-Japanese corporate customers, we selected approximately 30 companies as key marketing targets called Super30 under each of our four overseas area units (approximately 120 companies worldwide) in our effort to expand clients businesses through our long-term relationships. In pursuing our goal of evolving this Super30 strategy, we are seeking expansion of key customer base (Super 50) and further enhancing the promotion of alliances between banking and securities businesses and have produced solid results such as securing the role of lead arranger in a financing for a large-scale acquisition project for reorganization sectors. Our acquisition of a credit portfolio in respect of the wholesale market in North America from The Royal Bank of Scotland plc has accelerated the realization of our goals.

Further, we actively implement initiatives to meet the diverse needs of our overseas customers by expanding our overseas office network and strengthening our overseas support framework for our customers.

Mizuho Bank (China), Ltd., a wholly-owned subsidiary of Mizuho Bank, opened its Changshu Sub-branch in China in May 2014. Mizuho Bank opened the Eastern Seaboard branch of the Bangkok branch in Thailand in March 2015 and acquired approval of the local regulatory agencies for opening of a branch in Myanmar and its 5^{th} branch in India in October 2015 and August 2015, respectively. In South America, Mizuho Bank opened the Santiago Representative Office of its New York branch in Chile in September 2014. With respect to our Europe operation, Mizuho Bank Nederland N.V., a wholly owned subsidiary of Mizuho Bank, acquired the approval of the local regulator for opening of Vienna branch.

We will continue to strengthen our overseas support framework through actions such as providing local information and supplementing services by forming business alliances with government-affiliated organizations and local financial institutions mainly in emerging nations where Japanese corporations are considering expanding their businesses.

Investment Banking Unit

The Investment Banking Unit provides sophisticated financial solutions mainly in the business areas of mergers and acquisitions, real estate, asset finance, project finance and corporate finance. We are responding to the needs of our broad customer base such as large companies and SMEs by unifying banking, trust banking and securities functions, whereby, we aim to enhance customer satisfaction.

In the mergers and acquisitions business, with an aim to increase the corporate value of our customers, we offer sophisticated mergers and acquisitions solutions mainly in relation to support for mergers and acquisitions strategies, such as cross-border mergers and acquisitions, business succession and going private transactions.

In the real estate business, by taking full advantage of our knowledge and skills of real estate-related project developed through the various deals we have arranged over the years, we offer solutions such as various financing methods by use of their real estate and real estate-related investment strategies.

In the asset finance business, by arranging customers asset securitization, we satisfy their demands such as diversification of fund-raising sources and improvement of financial indices through removing assets from their balance sheet.

In the project finance business, we provide various financial products and services such as project finance deals that enable the procurement of long-term capital for natural resource development abroad, the building of electric power generation projects and the construction of public infrastructure, support for promoting the wider use of renewable energy and arrangement of PFI/PPP deals for financing transportation and other types of public infrastructure.

In the corporate finance business, we proactively provide a wide variety of fund-raising-related solutions in the syndicated loan market, debt capital markets and equity capital markets.

We are further expanding our range of services through cooperation with our group companies, including Mizuho Corporate Advisory Co., Ltd. and Mizuho Capital Partners Co., Ltd.

Transaction Banking Unit

The Transaction Banking Unit engages in businesses related to domestic exchange settlement, foreign exchange, cash management, trade finance, yen correspondence settlement and yen securities custody, global custody, asset management and stock transfer agent services.

Mainly to corporate customers, we offer various financial services and products such as internet banking, cash management solutions, Renminbi-denominated services and trade finance on a global basis.

For financial institutions and institutional investors, we provide custody and yen correspondence settlement services. In particular, we maintain a strong market position regarding our yen securities custody services for non-Japan residents.

With respect to the trust banking business, we proactively engage in global custody services, asset management and stock transfer agent services.

We continue to commit to our customers needs by unifying banking, trust banking and securities functions mainly in Asia.

Asset Management Unit

The Asset Management Unit provides products and services that correspond to the needs of a broad customer base ranging from individuals to institutional investors by unification of banking, trust banking and securities functions as well as the businesses of our asset management group companies such as Mizuho Asset Management Co., Ltd., Shinko Asset Management Co., Ltd. and DIAM Co., Ltd.

In the pension-related business, we provide comprehensive pension proposals that include services and products related to defined contribution as well as defined benefit pension plans to meet the needs of customers.

In the alternative investment business, we provide our customers with the most relevant products by collaborating with our group companies, including Mizuho Alternative Investments, LLC in the United States, Mizuho Global Alternative Investments, Ltd. in Tokyo, which selects and introduces hedge funds, etc., and Eurekahedge Pte, LTD. in Singapore, which is our subsidiary providing hedge fund research and data services.

In addition, we develop global financial products by collaborating with BlackRock, Inc. and arrange and offer products related to private equity and infrastructure funds by collaborating with Partner Group AG.

In addition to banking, trust banking and securities functions, we designated the asset management area as our 4th pillar, and we are striving to respond to the increasingly sophisticated and diverse needs of our customers through our group-wide resources.

Markets Unit

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

With respect to the sales and trading business, we offer products and services to meet the diverse needs of our customers and support their global business by integrating our banking, trust and securities functions and utilizing our global network.

We expanded our product lineup from basic areas such as interest rates, foreign exchange and equity to commodity derivatives such as oil, metals and other commodities, and local currency transactions. Specifically, with respect to the overseas business development of our customers, we offer hedged financing that is tailored based on market conditions. In addition, in the fields of Asian and emerging currencies, in response to increasingly sophisticated needs of customers for more efficient hedges and management of market risk, we are drawing on collaboration among specialist teams who are well versed in the regulations and markets in various countries and our global network of offices to develop financial product schemes that take advantage of the characteristics of individual markets in Japan and overseas.

Table of Contents

In addition, with respect to our principal investments business, we combine our strong investment capabilities with early detection of trends and diversification of our principal investments to manage market fluctuations so that our portfolio is more sound and stable.

Mizuho s Group Companies

Mizuho Bank: Banking Business

Mizuho Bank provides a wide range of financial products and services mainly in relation to deposits, lending and exchange settlement to individuals, SMEs, large corporations, financial institutions, public sector entities and foreign corporations, including foreign subsidiaries of Japanese corporations. We maintain one of the largest branch and ATM networks in Japan and a broad range of Internet banking services. We also maintain a comprehensive office network which covers major cities worldwide.

Banking Business

Mizuho Bank provides a wide range of financial products and services to individual and corporate customers:

- *Deposits*, including ordinary deposits, time deposits and foreign currency deposits;

- *Lending*, including loans for working capital or capital expenditure of corporate customers, initiatives for strategic financial raising such as syndicated loans, housing loans and card loans for individual customers;

- *Domestic exchange settlement*, including exchange for remittance, credit to current accounts and money collection services;

- *Foreign exchange transaction services*, including various foreign exchange services relating to international transactions such as imports, exports and foreign remittance; and

- *Other financial products and services*.

Mizuho Trust & Banking: Trust Banking Business

Mizuho Trust & Banking is a trust bank that provides individual and corporate customers with products and services utilizing trusts. We respond to our customers needs by providing appropriate solutions developed based on our specialized expertise as a trust bank. Through such measures, we aim to become the trust bank that is most trusted by customers. In addition, we actively strive to open new frontiers in the trust business, including through the development of new products.

Trust Banking Business

Business for corporate customers

For corporate customers, we provide trust-related solutions that cross over each of the product lines of the Mizuho group by fully utilizing its trust functions as well as consulting functions with respect to the following business areas:

- real estate business, including real estate sales agent services and real estate securitizations;

- structured product business, including securitization transactions that utilize trusts;

asset management business relating to various assets, including pension plans;

pension plan business, including acting as trustee, providing consulting services, actuarial services and administration services;

- asset administration business, including trustee services for investment trusts and management and administration of investments in securities; and

- equity strategy business, including acting as a stock transfer agent and providing advice on practical issues related to stock.

Business for individual customers

For individual customers, we offer solutions unique to trust banks related to the following business areas. In addition, for business owners, we provide services for their business as well as asset management services for both their corporate and personal needs:

- consulting services regarding investment and management of customer assets;

- businesses relating to the asset inheritance such as testamentary trusts;

- consulting services regarding apartment leasing business, providing apartment loans, etc.;

- deposits, investment trusts and other investment products that utilize trusts; and

- real estate business such as brokerage of housing sales and land development.

Others

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

Mizuho Securities: Securities Business

Mizuho Securities, as the group s full-line securities company and investment bank, collaborates closely with Mizuho Bank, Mizuho Trust & Banking and other group companies and aims to provide growth capital through markets and contribute to the economic growth of Japan, Asia and the world through sound development of markets as a participant of financial and capital markets, and to become a company that supports its customers to build up their assets and enhance their corporate value, and shares the joy with them.

We provide one-stop financial services to customers by providing financial services at joint branches of Mizuho Securities and Mizuho Bank (called Planet Booth) as well as engaging in the financial products brokerage business with Mizuho Bank and the trust agency business with Mizuho Trust & Banking.

Investment Banking Business

We provide comprehensive support for customers in establishing their management strategies and financing by engaging in businesses related to equity underwriting, support for initial public offerings, investor relations consulting and provision of solutions such as advisory services for financial and capital strategies in addition to the domestic bond underwriting, structured finance businesses and financial advisory business including mergers and acquisitions where we hold leading market positions in Japan. In order to respond to the funding needs of our overseas customers, we are focused on our bond underwriting operations and other operations in collaboration with Mizuho Bank.

In addition, with an aim to provide advanced solutions in banking and securities businesses, we have also introduced a dual-hat structure with Mizuho Bank and meet our customers needs by unifying banking, trust banking and securities functions of the Mizuho group.

Markets and Product Business

As a market leader in the fixed income business mainly in the yen-denominated bond market, we provide products and services that suit our customers investment strategies, engage in proactive market making and offer high-quality information.

Table of Contents

In the equities business, we appropriately meet the sophisticated needs of our customers by strengthening our pan-Asia research platform and enhancing investor relations services that target domestic and overseas investors as well as strengthening our sales and trading framework. Moreover, we enjoy a strong reputation for our research capabilities among institutional investors.

Other Businesses Related to Financial Services

We provide various other financial services through major group companies.

Trust & Custody Services Bank

Trust & Custody Services Bank, Ltd., as a trust bank specialized in asset administration, provides a wide range of products, including trust services and various custody services, to promptly meet the diversifying needs of customers such as financial institutions and institutional investors.

Mizuho Asset Management & DIAM

Mizuho Asset Management and DIAM (an equity method affiliate of ours), provide quality asset management products and services for our group companies and customers that reflect their respective strengths. Each company offers a variety of investment trust products that meet the increasingly sophisticated and diverse needs of our customers.

Mizuho Research Institute

Mizuho Research Institute Ltd. offers information and services mainly to corporations, financial institutions and public sector entities to meet their increasingly diverse and sophisticated needs by integrating its research, funded research and membership services that provide various information related to, among others, managerial and economic issues.

Mizuho Information & Research Institute

Mizuho Information & Research Institute, Inc. mainly provides our corporate customers with the following three services:

- system integration services;
- outsourcing services that support the operation of information technology systems of our customers; and
- consulting services related to, among others, environmental issues.

We provide customers with a combination of the above services to meet their respective needs.

Mizuho Private Wealth Management

Mizuho Private Wealth Management offers consulting services tailored to the needs of its ultra high net worth customers. These services range from consulting on customers financial needs, such as wealth management, arranging for business and assets succession and related services to advise customers on various personal life matters, including managing the health of the customers themselves and family members and their children s education.

Competition

We engage in banking, trust banking, securities and other businesses related to financial services and face strong competition in all of those areas of businesses partly due to deregulation of the Japanese financial industry.

Our major competitors in Japan include:

- Japan s other major banking groups: Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group.
- Other banking institutions: These include city banks, trust banks, regional banks, *shinkin* banks (or credit associations), credit cooperatives, agricultural cooperatives, foreign banks and retail-oriented online banks.
- Securities companies and investment banks: These include both domestic securities companies and the Japanese affiliates of global investment banks.
- Government financial institutions: These include Japan Finance Corporation, Japan Post Bank, Development Bank of Japan and Japan Bank for International Cooperation.
- Non-bank finance companies: These include credit card issuers, installment shopping credit companies and other non-bank finance companies.
- Other financial services providers: We also compete with private equity funds and other types of investors.

In global markets, we face competition with other commercial banks and other financial institutions, particularly major global banks and the leading local banks in those financial markets outside Japan in which we conduct business.

Japanese Banking and Securities Industry

Private banking institutions in Japan are normally classified into two categories (the following numbers are based on information published by the Financial Services Agency, available as of May 7, 2015): (i) ordinary banks, of which there were 125, not including foreign commercial banks with banking operations in Japan; and (ii) trust banks, of which there were 16, including Japanese subsidiaries of foreign financial institutions and subsidiaries of Japanese financial institutions.

Ordinary banks consist mainly of city banks and regional banks. City banks, including Mizuho Bank, are based in large cities, operate domestically on a nation-wide scale through networks of branch offices and have strong links with large corporate customers in Japan. In light of deregulation and other competitive factors, however, many of these banks have placed increasing emphasis on other markets, including retail banking, small and medium-sized enterprise banking, international operations and investment banking. Regional banks are based in one of the prefectures of Japan and are generally much smaller in terms of total assets than city banks. In recent years, some regional banks have allied with each other and formed holding companies to operate in several prefectures. Customers of regional banks, other than local retail customers, include mostly regional enterprises and local public utilities, although regional banks also lend to large corporations. In addition to these types of banks, new retail-oriented banks have emerged in recent years, including Internet banks and banks specializing in placing their ATMs in convenience stores and supermarkets without maintaining a branch network.

Trust banks, including Mizuho Trust & Banking, are engaged in trust services in relation to, among others, money trust, pension trust and real estate trust services, in addition to banking business.

As of May 7, 2015, there were 54 foreign banks operating banking businesses in Japan. These banks are subject to a statutory framework similar to the regulations applicable to Japanese domestic banks. Their principal sources of funds come from their overseas head offices or other branches.

A number of government financial institutions, organized in order to supplement the activities of the private banking institutions, have been in the process of business and organizational restructuring in recent years. In

Table of Contents

October 2008, some of the government financial institutions were consolidated to form Japan Finance Corporation, which mainly provides financing for small and medium-sized enterprises and those engaged in agriculture, forestry and fishery, and also provides export financing for Japanese corporations. In October 2008, Development Bank of Japan, which mainly engages in corporate financing, and Shoko Chukin Bank, which mainly engages in financing for small and medium-sized enterprises, were transformed into joint stock corporations. Japan Housing Finance Agency supports housing loans of private institutions through the securitization of such loans.

In April 2012, Japan Bank for International Cooperation, which provides policy-based finance with a mission to contribute to the sound development of Japan and the international economy and society, was spun off from Japan Finance Corporation and was established as a joint stock company wholly owned by the Japanese government.

Another distinctive element of the Japanese banking system is the role of the postal savings system. Postal savings deposits are gathered through the network of governmental post offices scattered throughout Japan, and their balance of deposits totaled over 200 trillion yen in the past. In recent years, the governmental postal business has been in the process of organizational restructuring. In 2003, the governmental postal business was transferred to Japan Post, a government-owned entity established in the same year, and in 2007, Japan Post was transformed into a government-owned joint stock corporation holding four operating companies including Japan Post Bank, which currently operates as an ordinary bank. Privatization of the banking and insurance subsidiaries, which was originally planned to be completed by 2017, was suspended in December 2009. In April 2012, a law was enacted under which Japan Post was retransformed into a joint stock corporation holding three operating companies in October 2012, and the deadline of the privatization of banking and insurance subsidiaries was abolished and replaced with a statement that the privatization is to be conducted in the near future. In December 2014, Japan Post Holdings published a plan for the listing of the three main companies of the Japan Post group, in accordance with which Japan Post Holdings will implement a secondary offering of the shares of the banking and insurance subsidiaries and list their shares in or after the middle of the fiscal year ending March 31, 2016, concurrently with the secondary offering of the shares of Japan Post Holdings held by the Japanese government and the listing of Japan Post Holdings. Japan Post Holdings, in the beginning, plans to gradually dispose of the two subsidiaries shares down to approximately 50% ownership, although Japan Post Holdings has not indicated a concrete schedule for the complete disposal of the two subsidiaries shares.

In the Japanese securities market, a large number of registered entities are engaged in securities businesses, such as sales and underwriting of securities, investment advisory and investment management services. As deregulation of the securities market progressed, several of the country s banking groups have entered into this market through their subsidiaries. In addition, foreign financial institutions have been active in this market.

Supervision and Regulation

Japan

Pursuant to the Banking Act (*Ginkou Hou*) (Act No. 59 of 1981, as amended), the Prime Minister of Japan has authority to supervise banks in Japan and delegates certain supervisory control over banks in Japan to the Commissioner of the Financial Services Agency. The Bank of Japan also has supervisory authority over banks in Japan, based primarily on its contractual agreements and transactions with the banks.

Financial Services Agency

Although the Prime Minister has supervisory authority over banks in Japan, except for matters prescribed by government order, this authority is generally entrusted to the Commissioner of the Financial Services Agency. Additionally, the position of Minister for Financial Services was established by the Cabinet to direct the Commissioner of the Financial Services Agency and to support the Prime Minister.

Table of Contents

Under the Banking Act, the Prime Minister s authority over banks and bank holding companies in Japan extends to various areas, including granting and cancellation of licenses, ordering the suspension of business in whole or in part and requiring submission of business reports or materials. Under the prompt corrective action system, the Financial Services Agency, acting on behalf of the Prime Minister, may take corrective action in the case of capital deterioration of banks, their subsidiaries and companies having special relationships prescribed by the cabinet order. These actions include requiring a financial institution to formulate and implement reform measures, requiring it to reduce assets or take other specific actions and issuing an order to suspend all or part of its business operations.

Under the prompt warning system introduced in December 2002, the Financial Services Agency may take precautionary measures to maintain and promote the sound operations of financial institutions, even before those financial institutions become subject to the prompt corrective action system. These measures require a financial institution to reform profitability, credit risk management, stability and cash flow.

The Bank of Japan

The Bank of Japan is Japan s central bank and serves as the principal instrument for the execution of Japan s monetary policy. The principal measures by which the Bank of Japan implements monetary policy are the adjustment of its discount rate, its operations in the open market and the imposition of deposit reserve requirements. Banks in Japan are allowed to obtain borrowings from, and rediscount bills with, the Bank of Japan. Moreover, most banks in Japan maintain current accounts under agreements with the Bank of Japan pursuant to which the Bank of Japan is entitled to supervise, examine and audit the banks. The supervisory functions of the Bank of Japan are intended to enable it to ensure smooth settlement of funds among banks and other financial institutions, thereby contributing to the maintenance of an orderly financial system, whereas the supervisory practices of the Prime Minister or the Commissioner of the Financial Services Agency are intended to maintain the sound operations of banks and promote the security of depositors.

Examination of Banks

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

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

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

Table of Contents

Examination and Reporting Applicable to Shareholders

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

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

Deposit Insurance System

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

The Deposit Insurance Corporation receives annual insurance premiums from insured banks. The effective premium rate from April 2010, which is the weighted average of the rates for deposits that bear no interest, are redeemable upon demand and are used by depositors primarily for payment and settlement purposes, and for other deposits, was 0.084%. However, for the fiscal years ended March 31, 2013, 2014 and 2015, because there were no insured bank failures, the effective premium rate of 0.07% was applied retroactively from the beginning of such fiscal years, and the amount paid in excess of such rates was respectively reimbursed to insured banks without interest. The effective premium rate from April 1, 2015 was changed to 0.042%.

The insurance money may be paid out in case of a suspension of deposits repayments, banking license revocation, dissolution or bankruptcy of the bank. Pay outs are generally limited to a maximum of ¥10 million of principal amount, together with any interest accrued with respect to each depositor. Only non-interest bearing deposits, redeemable on demand and used by depositors primarily for payment and settlement functions are protected in full.

Participation in the deposit insurance system is compulsory for city banks (including Mizuho Bank), regional banks, trust banks (including Mizuho Trust & Banking), credit associations and co-operatives, labor banks and other financial institutions.

Governmental Measures to Treat Troubled Institutions

Under the Deposit Insurance Act, a Financial Reorganization Administrator can be appointed by the Prime Minister if the bank is unable to fully perform its obligations with its assets or may suspend or has suspended repayment of deposits. The Financial Reorganization Administrator will take control of the assets of the bank, dispose of the assets and search for another institution willing to take over its business. Its business may also be transferred to a bridge bank established by the Deposit Insurance Corporation for the purpose of the temporary maintenance and continuation of operations of these types of institutions, and the bridge bank will seek to transfer the bank s assets to another financial institution or dissolve the bank. The financial aid provided by the Deposit Insurance Corporation to assist another financial institution with succeeding the failed bank s business may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee or assumption of debts, subscription of preferred stock or subordinated bonds, lending of subordinated loan, or loss sharing.

Where the Prime Minister recognizes that the failure of a bank which falls into any of (i) through (iii) below may cause an extremely grave problem in maintaining the financial order in Japan or the region where such bank is operating (systemic risk), without taking any of the measures described in (i) through (iii) below, the Prime Minister may confirm *(nintei)* to take any of the following measures, after the deliberation at the Financial Crisis Management Meeting: (i) if the bank does not fall into either of the banks described in (ii) or (iii), the Deposit Insurance Corporation may subscribe for shares or subordinated bonds of, or lend subordinated loans to the bank, or subscribe for shares of the bank holding company of the bank, in order to enhance capital adequacy of the bank; (ii) if the bank may suspend or has suspended repayment of deposits or is unable to fully perform its obligations with its assets, financial aid exceeding the pay-off cost may be available to such bank; and (iii) if the bank may suspend or has suspended repayment of deposits and is unable to fully perform its obligations with its assets, and the systemic risk cannot be avoided by the measure mentioned in (ii) above, the Deposit Insurance Corporation may acquire all of the bank s shares. The expenses for implementation of the above measures will be borne by the bank industry, with an exception under which the Government of Japan may provide partial subsidies for such expenses.

New orderly and effective resolution regimes for financial institutions have been discussed internationally and Key Attributes of Effective Resolution Regimes for Financial Institutions was published by the Financial Stability Board in November 2011 and endorsed by the G20 leaders at the Cannes summit held in November 2011. Reflecting this global trend, pursuant to certain amendments to the Deposit Insurance Act that were promulgated in June 2013 and became effective on March 6, 2014, a new resolution regime was introduced in Japan.

Under the new resolution regime stipulated in the amendments to the Deposit Insurance Act and implementing ordinances thereunder, which became effective on March 6, 2014, financial institutions, including banks, insurance companies and securities companies and their holding companies, are subject to the regime.

Further, under the new resolution regime, among other things, where the Prime Minister recognizes that the failure of a financial institution which falls into either of (a) or (b) below may cause significant disruption in the financial markets or other financial systems in Japan without taking any of the measures described in (a) (specified item 1 measures)(*tokutei dai ichigo sochi*) or the measures described in (b) (specified item 2 measures)(*tokutei dai nigo sochi*), the Prime Minister may confirm (specified confirmation)(*tokutei nintei*) to take any of the following measures, after the deliberation at the Financial Crisis Management Meeting; (a) if the financial institution does not fall into a financial institution which is unable to fully perform its obligations with its assets, the Deposit Insurance Corporation shall supervise the operation of the business of and the management and disposal of assets of that financial institution *(tokubetsu kanshi)*, and may provide it with loans or guarantees necessary to avoid the risk of significant disruption in the financial systems in Japan *(shikin no kashitsuke tou)*, or subscribe for shares or subordinated bonds of, or lend subordinated loans to the financial institutions *(tokutei kabushiki tou no hikiuke tou)*, in each case to be taken as necessary taking into consideration of the financial conditions of the financial institution; and (b) if the financial institution is or is likely to be unable to fully perform its obligations with its assets or has suspended or is likely to suspend repayment of its obligations, the Deposit Insurance Corporation shall supervise that financial institution *(tokubetsu kanshi)*, and may provide financial aid necessary to assist merger, business transfer, corporate split or other reorganization in respect to such failed financial institution (*tokutei shikin enjo*). The expenses for implementation of the measures under this regime will be borne by the financial industry, with an exception under which the Government of Japan may provide partial subsidies for such expenses. If a measure set out in (b) above is determined to be taken with respect to a financial institution, the Prime Minister may order that the financial institution s operation and assets be under the control of the Deposit Insurance Corporation. The business or liabilities of the financial institution subject to the supervision (*tokubetsu kanshi*) by the Deposit Insurance Corporation as set forth above may also be transferred to a bridge bank established by the Deposit Insurance Corporation for the purpose of the temporary maintenance and continuation of operations of, or repayment of the liabilities of, such financial institutions, and the bridge bank will seek to transfer the bank s business or liabilities to another financial institution or dissolve the bank. The financial aid provided by the Deposit Insurance Corporation to assist merger, business transfer, corporate split or other reorganization in respect to the financial institution set out in (b) may take the form of a monetary grant, loan or deposit of funds, purchase of assets, guarantee or assumption of debts, subscription of preferred stock or subordinated bonds, lending of subordinated loan, or loss sharing.

Recovery and Resolution Plan

In November 2014, the Financial Stability Board published the latest list of G-SIFIs. The list is annually updated by the Financial Stability Board each November, and the list as of November 2014 includes us. A recovery and resolution plan must be put in place for each G-SIFI, and be regularly reviewed and updated. In Japan, under the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc., as part of crisis management, financial institutions identified as G-SIFIs must prepare and submit a recovery plan, which includes the triggers to implement the recovery plan and an analysis of recovery options, to the Financial Services Agency, and the Financial Services Agency must prepare a resolution plan for each G-SIFI.

Capital Injection by the Government

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

Bank Holding Companies

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

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

Financial Instruments and Exchange Act

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

Under the Financial Instruments and Exchange Act, registered Financial Instruments Business Operators (*kinyu-shouhin torihiki gyousha*), such as Mizuho Securities, as well as Registered Financial Institutions (*touroku kinyu kikan*), such as Mizuho Bank and Mizuho Trust & Banking, are required to provide customers with detailed

Table of Contents

disclosure regarding the financial products they offer and take other measures to protect investors, including a delivery of explanatory documents to such customers prior to and upon the conclusion of transactional agreements.

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

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

Sales of Financial Products

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

Self-Assessment and Reserves

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

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

Table of Contents

Credit Limits

The Banking Act restricts the aggregate amount of exposure to any single customer or customer group for the purposes of avoiding excessive concentration of credit risks and promoting the fair and extensive utilization of bank credit. The limits applicable to a bank holding company and bank with respect to their aggregate exposure to any single customer or customer group are established by the Banking Act and regulations thereunder. The Banking Act and the related regulations were amended, which became effective from December 2014, to tighten the previous restrictions to meet international standards. As a result of these amendments, the current credit limit for a single customer or a customer group is 25% of the total qualifying capital, with certain adjustments, of the bank holding company or bank and its subsidiaries and affiliates,.

Restriction on Shareholdings

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

Share Purchase Program

The Banks Shareholdings Purchase Corporation was established in January 2002 in order to purchase shares from banks and other financial institutions until September 30, 2006 pursuant to the Law Concerning Restriction on Shareholdings by Banks. The Bank s Shareholdings Purchase Corporation is allowed to resume purchases of shares held by financial institutions as well as shares of financial institutions held by non-financial institutions, up to a maximum amount of ¥20 trillion between March 12, 2009 and March 31, 2017. The Bank s Shareholdings Purchase Corporation purchased ¥1,026.5 billion of shares during the period from March 12, 2009 through May 31, 2015. The Bank s Shareholdings Purchase Corporation will dispose of the purchased shares by March 31, 2027 by taking into consideration the effects on the stock market.

The Bank of Japan also purchased ¥387.8 billion of shares held by banks and other financial institutions during the period from February 23, 2009 through April 30, 2010. The Bank of Japan generally will not sell the purchased shares until March 31, 2016. The Bank of Japan will dispose of the purchased shares by September 30, 2021 by taking into consideration the effects on the stock market.

Capital Adequacy

The capital adequacy guidelines applicable to Japanese banks and bank holding companies with international operations supervised by the Financial Services Agency closely follow the risk-adjusted approach proposed by the Bank for International Settlements and are intended to further strengthen the soundness and stability of Japanese banks. Under the risk-based capital framework of these guidelines, balance sheet assets and off-balance-sheet exposures are assessed according to broad categories of relative risk, based primarily on the credit risk of the counterparty, country transfer risk and the risk regarding the category of transactions.

In December 2010, the Basel Committee on Banking Supervision issued its Basel III rules text, which builds on the International Convergence of Capital Measurement and Capital Standards document (Basel II), to strengthen the regulation, supervision, and risk management of the banking sector. Basel III text presents the details of global regulatory standards on bank capital adequacy and liquidity. The rules text sets out higher and better-quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirement, measures to promote the build-up of capital that can be drawn down in periods of stress, and the introduction of two global liquidity standards. For further information of the leverage ratio and the two global liquidity standards, see Leverage Ratio and Liquidity below, respectively.

The Financial Services Agency s revisions to its capital adequacy guidelines became effective from March 31, 2013, which generally reflect rules in the Basel III text that have been applied from January 1, 2013.

Under the revised guidelines, the minimum capital adequacy ratio is 8% on both a consolidated and non-consolidated basis for banks with international operations, such as Mizuho Bank, or on a consolidated basis for bank holding companies with international operations, such as Mizuho Financial Group. Within the minimum capital adequacy ratio, the Common Equity Tier 1 capital requirement is 4.5% and the Tier 1 capital requirement is 6.0%.

Japanese banks with only domestic operations and bank holding companies the subsidiaries of which operate only within Japan are subject to the revised capital adequacy guidelines that have been applied from March 31, 2014, and those banks and bank holding companies are required to have a minimum Core Capital ratio of 4%. However, those banks and bank holding companies that apply the internal rating based approach are required to have a minimum Common Equity Tier 1 ratio of 4.5% on both a consolidated and non-consolidated basis, calculated on the assumption that the banks and bank holding companies are those with international operations.

Under the revised capital adequacy guidelines based on the Basel III rules that have been applied to banks and bank holding companies each with international operations from March 31, 2013, there are regulatory adjustments such as goodwill and other intangibles, deferred tax assets, investments in the capital of banking, financial and insurance entities etc. shall be deducted under certain conditions for the purpose of calculating capital adequacy ratios, and the requirements of regulatory adjustments were enhanced under the revised capital adequacy guidelines. For example, under the capital adequacy guidelines prior to the revision thereto under the Basel III rules, the maximum amount of net deferred tax assets under Japanese GAAP that major Japanese banks, including bank holding companies, could record without diminishing the amount of Tier 1 capital for purposes of calculating capital adequacy ratio was 20% of Tier 1 capital. Under the revised capital adequacy guidelines based on the Basel III rules, deferred tax assets that arise from temporary differences will be recognized as part of Common Equity Tier 1 capital, with recognition capped at 10% of Common Equity Tier 1 capital under certain conditions, while other deferred tax assets, such as those relating to net loss carryforwards, will be deducted in full from Common Equity Tier 1 capital net of deferred tax liabilities. These regulatory adjustments based on the Basel III rules began at 20% of the required deductions in the calculation of Common Equity Tier 1 capital in March 2014 and will be increased by 20% increments per year through March 2018 when the regulatory adjustments reach 100%.

The revised capital adequacy guidelines related to other requirements under the Basel III rules, such as the capital conservation buffer, have not yet been published.

Under the capital adequacy guidelines, banks and bank holding companies each with international operations are required to measure and apply capital charges with respect to their credit risks, market risks and operational risks.

Under the guidelines, banks and bank holding companies have several choices for the methodologies to calculate their capital requirements for credit risk, market risk and operational risk. Approval of the Financial Services Agency is necessary to adopt advanced methodologies for calculation, and Mizuho Financial Group started to apply the AIRB approach for the calculation of credit risk from the fiscal year ended March 31, 2009 and also apply the AMA for the calculation of operational risk from September 30, 2009.

The Basel Committee on Banking Supervision issued a consultative document on the risk management, capital treatment and supervision of interest rate risk in the banking book in June 2015. The document presents two options for the capital treatment of interest rate risk in the banking book; (i) a standardised Pillar 1 (minimum capital requirements) approach and (ii) an enhanced Pillar 2 approach. A standardised Pillar 1 approach is the adoption of a uniformly applied Pillar 1 measure for calculating minimum capital requirements for interest rate risk, which would have the benefit of promoting greater consistency, transparency and comparability. An enhanced Pillar 2 approach, which includes quantitative disclosure of interest rate risk in the banking book based upon the proposed Pillar 1 approach, would better accommodate differing market conditions and risk management practices across jurisdictions. The schedule of the implementation is not stated explicitly.

For further information of the capital adequacy, see Item 5. Operating and Financial Review and Prospects Capital Adequacy Regulatory Capital Requirements.

Leverage Ratio

The leverage ratio framework is critical and complementary to the risk-based capital framework that will help ensure broad and adequate capture of both on- and off-balance sheet sources of banks leverage. This simple, non-risk-based measure will restrict the build-up of excessive leverage in the banking sector to avoid destabilizing deleveraging processes that can damage the broader financial system and the economy. Any final adjustments to the definition and calibration of the leverage ratio will be made by the Basel Committee on Banking Supervision by 2017, with a view to migrate to a Pillar 1 (minimum capital requirements) treatment on January 1, 2018, based on appropriate review and calibration.

For further information regarding the leverage ratio, see Item 5. Operating and Financial Review and Prospects Capital Adequacy Regulatory Capital Requirements.

Liquidity

Two minimum standards for funding liquidity will be introduced. The liquidity coverage ratio (LCR) is intended to promote resilience to potential liquidity disruptions over a thirty-day horizon and help ensure that global banks have sufficient, unencumbered, high-quality liquid assets (HQLA) to offset the net cash outflows it could encounter under an acute short-term stress scenario. The Group of Governors and Heads of Supervision agreed on a revised LCR standard on January 6, 2013, and the Basel Committee on Banking Supervision issued the text of the revised LCR standard on January 7, 2013. The LCR guidelines of the Financial Services Agency, which reflect the rules in such text, have been applied to banks and bank holding companies with international operations from March 31, 2015, under the LCR guidelines, LCR is defined as the ratio obtained by dividing the sum of the amounts of High-Quality liquid assets by the amount of net cash outflows, each as defined in and calculated pursuant to such guidelines. In accordance with the LCR standard under the LCR guidelines, the stock of unencumbered HQLA is to constitute level 1 assets, which include cash, central bank reserves and certain marketable securities backed by sovereigns and central banks, and Level 2 assets, which include certain government securities covered bonds, corporate debt securities and, to a limited extent, lower-rated corporate bonds, residential mortgage-backed securities and equities that meet certain conditions. Level 2 assets are subject to certain haircuts based on types of securities and credit ratings. The minimum LCR under the LCR guidelines is 100% on both a consolidated and non-consolidated basis for banks with international operations or on a consolidated basis for bank holding companies with international operations, while it is subject to phase-in arrangements pursuant to which the LCR is introduced with a minimum requirement of 60% during the period from March 31 to December 31, 2015, which subsequently rises in equal annual steps of 10 percentage points to reach 100% on January 1, 2019. The Basel Committee on Banking Supervision issued final requirements for LCR-related disclosures on January 12, 2014, and the LCR disclosure guidelines of the Financial Services Agency, which reflect such requirements, have been applied to banks and bank holding companies with international operations from June 30, 2015. The LCR disclosure guidelines require such banks and bank holding companies to disclose their LCR in common templates starting from information as of June 30, 2015.

The net stable funding ratio (NSFR) requires a minimum amount of stable sources of funding at a bank relative to the liquidity profiles of the assets, as well as the potential for contingent liquidity needs arising from off-balance sheet commitments, over a one-year horizon. The Basel Committee on Banking Supervision finalized the NSFR framework in October 2014, and the NSFR will scheduled to be introduced as a minimum standard by the Financial Securities Agency by January 1, 2018.

Total Loss Absorbing Capacity

Related to capital adequacy, in November 2014, the Financial Stability Board issued for public consultation policy proposals consisting of a set of principles and a detailed term sheet on the adequacy of loss-absorbing and recapitalization capacity of G-SIBs. Under the proposal, G-SIBs are required to meet a new requirement for total loss absorbing capacity (TLAC), which should consist only of liabilities that can be effectively written down or converted into equity during resolution of a G-SIB without disrupting the provision of critical functions. The Financial Stability Board proposes that a minimum Pillar 1 common TLAC requirement be set within the range of 16-20% of risk-weighted assets and at least twice the Basel 3 leverage ratio requirement, and authorities may set additional Pillar 2 TLAC requirements for individual firms above the minimum Pillar 1 common TLAC requirement. The proposals will be finalized to form a new minimum standard for TLAC taking account of the results of the consultation and of the impact assessments. The final version is scheduled to be delivered to the G20 Leaders Summit scheduled to be held in November 2015.

Protection of Personal Information

The Personal Information Protection Act (*Kojin Jouhou no Hogo ni kansuru Houritsu*) (Act No. 57 of 2003, as amended) and related guidelines impose various requirements on businesses, including us, that use databases containing personal information, such as appropriate custody of such information and restrictions on information sharing with third parties. Non-compliance with the order issued by the Financial Services Agency to take necessary measures to comply with the law will subject us to criminal and/or administrative sanctions.

Prevention of Money Laundering

Under the Act Preventing Transfer of Profits Generated from Crime (*Hanzai ni yoru Syueki no Iten Boushi ni kansuru Houritsu*) (Act No. 22 of 2007, as amended), which addresses money laundering and terrorism concerns, financial institutions and other entities such as credit card companies are required to perform customer identification, submit suspicious transaction reports and maintain records of transactions. Certain amendments to the law became effective in April 2013, which tightened, among other things, customer identification requirements. Further amendments to the law were promulgated in November 2014 and will become effective by November 2016 for clarification of the judgment method of suspicious transactions, strict verification at the time of the conclusion of correspondence contracts and expansion of the obligation for business operators to make efforts to develop necessary systems.

Act Concerning Protection of Depositors from Illegal Withdrawals Made by Forged or Stolen Cards

The Act Concerning Protection of Depositors from Illegal Withdrawals Made by Forged or Stolen Cards (*Gizou Kaado tou oyobi Tounan Kaado tou wo Mochiite Okonawareru Fuseina Kikaishiki Yochokin Haraimodoshi tou karano Yochokinsha no Hogo tou ni kansuru Houritsu*) (Act No. 94 of 2005, as amended) requires financial institutions to establish internal systems to prevent illegal withdrawals of deposits using forged or stolen bank cards. The law also requires financial institutions, among other matters, to compensate depositors for any amount illegally withdrawn using forged bankcards, unless the financial institution can verify that it acted in good faith without negligence and that there was gross negligence on the part of the relevant account holder.

United States

As a result of our operations in the United States, we are subject to extensive U.S. federal and state supervision and regulation. We engage in U.S. banking activities through Mizuho Bank s New York, Chicago and Los Angeles branches and Houston and Atlanta representative offices. We also own one bank in the United States, Mizuho Bank (USA), as well as controlling interests in several other subsidiaries, including Mizuho Trust & Banking Co. (USA), which is engaged primarily in the trust and custody business, and Mizuho Securities USA Inc., a U.S. broker dealer engaged in the securities business.

Table of Contents

The USA PATRIOT Act of 2001 (the PATRIOT Act) contains measures to prevent, detect and prosecute terrorism and international money laundering by imposing significant compliance and due diligence obligations, creating new crimes and penalties and expanding the extraterritorial jurisdiction of the United States. In recent years, federal and state regulatory and law enforcement authorities have closely scrutinized the compliance by financial institutions with the Bank Secrecy Act and anti-money laundering rules.

Mizuho Financial Group and Mizuho Bank are financial holding companies (FHCs), and Mizuho Trust & Banking is a bank holding company, within the meaning of the U.S. Bank Holding Company Act of 1956, as amended (the BHCA), and are subject to regulation and supervision thereunder by the Board of Governors of the Federal Reserve System (the Federal Reserve Board). As a matter of law, these three companies are required to act as a source of financial strength to Mizuho Bank (USA) and Mizuho Trust & Banking Co. (USA). The BHCA generally prohibits us from acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of any company engaged in the United States in activities other than banking or activities that are financial in nature or incidental or complementary to financial activity. This general prohibition is subject to certain exceptions, including an exception that permits us to acquire up to 100% of the voting interests in any company engaged in nonfinancial activities that we do not routinely manage, generally for a period of up to 10 years, under our merchant banking authority. In addition, U.S. regulatory approval is generally required for us to acquire more than 5% of any class of voting shares of a U.S. bank, savings association or bank holding company.

Mizuho Financial Group and the former Mizuho Corporate Bank, now Mizuho Bank, became FHCs in December 2006. FHC status under the BHCA permits banking groups in the United States to engage in comprehensive investment banking businesses, such as the underwriting of and dealing in corporate bonds, equities and other types of securities. FHC status enables our group to promote our investment banking business on a broader basis in the United States.

As a financial holding company, we are also subject to additional regulatory requirements. For example, we and each of our U.S. insured depository institution subsidiaries with operations in the United States must be well capitalized, meaning a Tier 1 risk-based capital ratio of at least 6%, a total risk-based capital ratio of at least 10% and a leverage ratio of at least 5%. We and each of our U.S. insured depository institution subsidiaries must also be well managed, including that they maintain examination ratings that are at least satisfactory. Further, Mizuho Financial Group and Mizuho Bank must also meet such capital standards as calculated under their home country standards (which must be comparable to the capital required for a U.S. bank) and must be well managed under standards comparable to those required for a U.S. bank. Failure to comply with such requirements would require us to prepare a remediation plan, and we would not be able to undertake new business activities or acquisitions based on our status as a financial holding company during any period of noncompliance without the prior approval of the Federal Reserve Board, and divestiture or termination of certain business activities, or termination of our U.S. branches and agencies, may be required as a consequence of failing to correct such conditions within 180 days.

U.S. branches, agencies and representative offices of foreign banks must be licensed, and are also supervised and regulated, by either a state banking authority or by the Office of the Comptroller of the Currency, the U.S. federal bank regulatory agency that charters and regulates national banks and federal branches and agencies of foreign banks. Each branch and representative office in the United States of Mizuho Bank is state-licensed. Under U.S. federal banking laws, state-licensed branches and agencies of foreign banks may engage only in activities that would be permissible for their federally-licensed counterparts, unless the Federal Reserve Board determines that the additional activity is consistent with sound practices. U.S. federal banking laws also subject state-licensed branches and agencies to the single-borrower lending limits that apply to federal branches and agencies, which generally are the same as the lending limits applicable to national banks, but are based on the capital of the entire foreign bank.

The New York branch of Mizuho Bank is subject to supervision, examination and regulation by the New York State Department of Financial Services as well as by the Federal Reserve Board. Except for a prohibition

Table of Contents

on such branch accepting retail deposits, a state-licensed branch generally has the same powers as a state-chartered bank in such state. New York State has an asset pledge requirement for branches equal to the greater of 1% of average total liabilities for the previous month or $2 million, provided that an institution designated as a well-rated foreign banking corporation is permitted to maintain a reduced asset pledge with a cap of $100 million. The New York State Department of Financial Services may require higher amounts for supervisory reasons. Each U.S. branch and representative office of Mizuho Bank is subject to regulation and examination by the state banking authority of the state in which it is located.

Mizuho Bank (USA) is a state-chartered bank that is a member of the Federal Reserve System whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). As such, Mizuho Bank (USA) is subject to regulation, supervision and examination by the Federal Reserve Board and the New York State Department of Financial Services, as well as to relevant FDIC regulation.

Mizuho Trust & Banking Co. (USA) is a state-chartered bank and trust company that is not a member of the Federal Reserve System, but whose deposits are insured by the FDIC. As such, Mizuho Trust & Banking Co. (USA) is subject to regulation, supervision and examination by the FDIC and the New York State Department of Financial Services.

In the United States, U.S.-registered broker-dealers are regulated by the U.S. Securities and Exchange Commission (the SEC). As a U.S.-registered broker-dealer, Mizuho Securities USA is subject to regulations that cover all aspects of the securities business, including sales methods, trade practices among broker-dealers, use and safekeeping of customers funds and securities, capital structure, recordkeeping, the financing of customers purchases and the conduct of directors, officers and employees.

In the United States, comprehensive financial regulatory reform legislation, titled the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd Frank Act), was signed into law by President Obama on July 21, 2010. Among other things, the Dodd-Frank Act directs the federal banking regulators to establish minimum leverage and risk-based capital requirements for insured depository institutions and depository institution holding companies.

The Dodd-Frank Act provides regulators with tools to impose greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk and bank holding companies with greater than $50 billion in consolidated assets. In imposing such heightened prudential standards on foreign banking organizations such as Mizuho Bank, the Federal Reserve Board is directed to take into account the principle of national treatment and equality of competitive opportunity, and the extent to which the foreign bank holding organization is subject to comparable home country standards. On February 18, 2014, the Federal Reserve Board finalized regulations that will impose enhanced prudential standards on certain large foreign banking organizations having a U.S. presence, such as Mizuho Bank. In particular, large foreign banking organizations, including us, and their U.S. operations are subject to risk management requirements, risk-based capital and leverage limits, capital stress testing requirements, liquidity requirements and, in certain circumstances, asset management requirements. Additionally, the Federal Reserve Board expects to finalize single counterparty credit limits and early remediation requirements for foreign banking organizations at a later date. In addition, foreign banking organizations with consolidated U.S. assets of $50 billion or more (excluding the assets of U.S. branches and agencies) will be required to create a separately capitalized top-tier U.S. intermediate holding company (IHC) that will hold all of its U.S. subsidiaries and be subject to certain capital, liquidity and other enhanced prudential standards on an IHC consolidated basis.

Under Section 619 of the Dodd-Frank Act, also known as the so-called Volcker Rule, any insured depository institution; any insured depository institution holding company; any non-U.S. bank with branches in the United States, such as Mizuho Bank; and any affiliate or subsidiary of such entities (each, a banking entity) will be prohibited from engaging in proprietary trading or from investing in or sponsoring private equity or hedge funds, subject to certain limited exceptions. U.S. financial regulators approved final rules implementing Section 619 of the Dodd-Frank Act on December 10, 2013. At the time of their release, these final rules included

Table of Contents

an initial conformance period requiring banking entities to bring their activities and investments into compliance by July 21, 2015, absent further extension by the Federal Reserve Board. On December 18, 2014, the Federal Reserve Board announced an extension to the Volcker Rule conformance period, to give banking entities until July 21, 2016 to conform investments in and relationships with covered funds and foreign funds that were in place prior to December 31, 2013 (legacy covered funds). The Federal Reserve Board also announced its intention to act in the future to grant banking entities an additional one-year extension of the conformance period until July 21, 2017, to conform ownership interests in and relationships with these legacy covered funds. The Federal Reserve did not act to extend the conformance period for proprietary trading activities.

Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Section 219) added Section 13(r) to the U.S. Securities Exchange Act of 1934, requiring each SEC reporting issuer to disclose in its annual and, if applicable, quarterly reports whether it or any of its affiliates have knowingly engaged in specified activities, transactions or dealings relating to Iran or with the Government of Iran or certain designated persons or entities involved in terrorism or the proliferation of weapons of mass destruction during the period covered by such filing. Section 219 requires disclosure even of certain activities not prohibited by U.S. or other law and even if such activities were conducted outside the United States by non-U.S. affiliates in compliance with local law.

Our affiliate Mizuho Bank is our only affiliate to have engaged in activity that is relevant for this purpose. Mizuho Bank maintains compliance policies and procedures to conform its operations to all applicable economic sanctions laws and regulations, and is increasing resources dedicated to this effort. In that context, and only after confirming that such transactions did not involve prohibited or sanctionable activity under U.S. or other economic sanctions, non-U.S. branches of Mizuho Bank engaged in a limited number of activities reportable under Section 219 during the period covered by this annual report, as described below. No U.S. branches of Mizuho Bank were involved in any of these activities.

Legacy guarantees and loan obligations

During the period covered by this disclosure, Mizuho Bank was party to two legacy counter guarantees that were opened in connection with activities of its customers for the benefit of Iranian banks. When such guarantees were entered into, the banks in question had not been designated under U.S. Executive Orders (E.O.) 13224 or 13382, although they were subsequently so designated. Mizuho Bank maintained these guarantees post-designation only after confirming that such transactions did not involve prohibited or sanctionable activity under U.S. or other economic sanctions. As contractual obligations, these guarantees cannot be exited by Mizuho Bank unilaterally until there is full performance under the contract that is supported by the counter guarantees. In the fiscal year ended March 31, 2015, Mizuho Bank received fees of approximately ¥0.7 million attributable to these guarantees and net profits of less than that amount. Mizuho Bank did not pay guarantee fees to Iranian banks during this period. Mizuho Bank continues to seek to terminate these counter guarantees. Mizuho Bank has no intention to enter into any further similar guarantees.

Activities through correspondent banking accounts

In the fiscal year ended March 31, 2015, Mizuho Bank conducted a limited number of fund transfers through accounts it maintains for or at a limited number of Iranian banks designated under E.O. 13224 or 13382 and a limited number of other banks related to the Government of Iran. Mizuho Bank processed these transfers only after confirming that such transactions did not involve prohibited or sanctionable activity under U.S. or other economic sanctions and obtaining licenses issued by Japan s Ministry of Finance where necessary. Estimated gross revenue to Mizuho Bank in the fiscal year ended March 31, 2015 attributable to this activity, excluding the humanitarian transactions described below, was approximately ¥0.2 million, with a net profit of less than that amount. Mizuho Bank will continue processing transfers through these accounts only under the limited circumstances where the transfer would conform to Mizuho Bank s compliance policies and procedures, applicable international sanctions laws, and after obtaining a license issued by Japan s Ministry of Finance where necessary.

Table of Contents

Humanitarian transactions through correspondent banking accounts

In addition, in accordance with the Joint Plan of Action (JPOA) agreed between EU3+3 (France, Germany, the United Kingdom, China, Russia and the United States) and Iran in November 2013, Mizuho Bank has been providing settlement services in connection with humanitarian trade to assist in meeting Iran s domestic needs, namely food, agricultural commodities, medicines and medical devices, since March 2014. The overall framework for these settlement services is based on an agreement between U.S. and Japanese authorities, and the relevant U.S. regulator authorizes that the settlement services are in compliance with applicable U.S. laws and regulations. The purchasers of the humanitarian goods were entities in or affiliated with Iran, including the Iranian government. The sellers of the humanitarian goods were entities permitted by U.S. and Japanese regulators. These transactions did not involve U.S. dollars nor clearing services of U.S. banks for the settlement of payments. These transactions were conducted through the use of special purpose yen accounts maintained with Mizuho Bank outside of the United States by Iranian financial institutions that are controlled by the Iranian government. Estimated gross revenue to Mizuho Bank in the fiscal year ended March 31, 2015 attributable to this activity was approximately ¥36.7 million, with a net profit of less than that amount.

Mizuho Bank intends to continue to provide these remittance and other settlement services in connection with the exports of humanitarian goods to Iran in close coordination with U.S. and Japanese authorities.

Other Jurisdictions

Our operations elsewhere in the world are subject to regulation and control by local supervisory authorities, including local central banks.

4.C. Organizational Structure

The following diagram shows our basic corporate structure as of March 31, 2015:

Notes:

(1) DIAM, in which we have a 50.0% equity interest, is an equity-method affiliate of ours.

(2) On July 1, 2015, an absorption-type merger came into effect with Mizuho Office Management, Co. Ltd., our affiliated company, as the surviving company, and Mizuho Financial Strategy as the dissolving company.

Table of Contents

The following table sets forth information with respect to our principal consolidated subsidiaries as of March 31, 2015

Name	Country of organization	Main business	Proportion of ownership interest (%)	Proportion of voting interest (%)
Domestic				
Mizuho Bank, Ltd.	Japan	Banking	100.0%	100.0%
Mizuho Trust & Banking Co., Ltd.	Japan	Trust and banking	100.0%	100.0%
Mizuho Securities Co., Ltd.	Japan	Securities	95.8%	95.8%
Trust & Custody Services Bank, Ltd.	Japan	Trust and banking	54.0%	54.0%
Mizuho Asset Management Co., Ltd.	Japan	Investment management	98.7%	98.7%
Mizuho Research Institute Ltd.	Japan	Research and consulting	98.6%	98.6%
Mizuho Information & Research Institute, Inc.	Japan	Information technology	91.5%	91.5%
Mizuho Financial Strategy Co., Ltd.	Japan	Consulting	100.0%	100.0%
Mizuho Private Wealth Management Co., Ltd.	Japan	Consulting	100.0%	100.0%
Mizuho Credit Guarantee Co., Ltd.	Japan	Credit guarantee	100.0%	100.0%
Mizuho Factors, Limited	Japan	Factoring	100.0%	100.0%
Shinko Asset Management Co., Ltd.	Japan	Investment management	94.3%	94.8%
Mizuho Trust Realty Company Limited	Japan	Real estate agency	86.7%	76.9%
Defined Contribution Plan Services Co., Ltd.	Japan	Pension plan-related business	60.0%	60.0%
Mizuho-DL Financial Technology Co., Ltd.	Japan	Application and Sophistication of Financial Technology	60.0%	60.0%
UC Card Co., Ltd.	Japan	Credit card	51.0%	51.0%
Mizuho Capital Co., Ltd.	Japan	Venture capital	50.0%	50.0%
Overseas				
Mizuho International plc	U.K.	Securities and banking	100.0%	100.0%
Mizuho Bank (China), Ltd.	China	Banking	100.0%	100.0%
Mizuho Securities Asia Limited	China	Securities	100.0%	100.0%
Mizuho Bank Nederland N.V.	Netherlands	Banking and securities	100.0%	100.0%
Mizuho Securities USA Inc.	U.S.A.	Securities	100.0%	100.0%
Mizuho Trust & Banking (Luxembourg) S.A.	Luxembourg	Trust and banking	100.0%	100.0%
Mizuho Bank (USA)	U.S.A.	Banking	100.0%	100.0%
Mizuho Bank (Switzerland) Ltd	Switzerland	Trust and banking	100.0%	100.0%
Mizuho Trust & Banking Co. (USA)	U.S.A.	Trust and banking	100.0%	100.0%
Mizuho Capital Markets Corporation	U.S.A.	Derivatives	100.0%	100.0%
PT. Bank Mizuho Indonesia	Indonesia	Banking	99.0%	99.0%

Table of Contents

4.D. Property, Plant and Equipment

The following table shows the breakdown of our premises and equipment at cost as of March 31, 2014 and 2015:

	At March 31, 2014	At March 31, 2015
	(in millions of yen)	
Land	¥ 410,739	¥ 563,295
Buildings	800,680	822,229
Equipment and furniture	435,655	450,656
Leasehold improvements	92,052	82,610
Construction in progress	35,789	14,745
Software	725,287	862,353
Total	2,500,202	2,795,888
Less: Accumulated depreciation and amortization	1,143,608	1,163,403
Premises and equipment net	¥ 1,356,594	¥ 1,632,485

Our head office is located at 1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan. The headquarter buildings of Mizuho Financial Group and Mizuho Bank are each leased from a third party.

The total area of land related to our material office and other properties at March 31, 2015 was approximately 843,000 square meters for owned land and approximately 16,000 square meters for leased land.

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

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

Table of Contents

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

Table of Contents for Item 5.

Overview

The Mizuho Group

We provide a broad range of financial services in domestic and overseas markets. The principal activities and subsidiaries are the following:

Mizuho Bank provides a wide range of financial products and services mainly in relation to deposits, lending and exchange settlement to individuals, SMEs, large corporations, financial institutions, public sector entities and foreign corporations, including foreign subsidiaries of Japanese corporations;

Mizuho Trust & Banking provides products and services related to trust, real estate, securitization and structured finance, pension and asset management and stock transfer agency; and

Mizuho Securities provides full-line securities services to individuals, corporations, financial institutions and public sector entities.

We also provide products and services such as those related to trust and custody, asset management, private banking, research services, information technology-related services and advisory services for financial institutions through various subsidiaries and affiliates.

In July 2013, the former Mizuho Bank and the former Mizuho Corporate Bank merged, and the former Mizuho Corporate Bank, the surviving company, changed its trade name to Mizuho Bank. The purpose of the merger was to become able to provide directly and promptly diverse and functional financial services to customers of both banks, utilizing the current strengths and advantages and to continue to improve customer services by further enhancing group collaboration among the banking, trust and securities functions. At the same time, we aim to realize further enhancements of the consolidation of group-wide business operations and optimization of management resources, such as work force and branch network, by strengthening group governance and improving group management efficiency.

In June 2014, we transformed into a Company with Three Committees, as defined in the Companies Act, in order to further enhance corporate governance through strengthening the supervisory function of the Board of Directors over the execution of our business and improving the transparency of management processes, and in order to enhance the flexibility of management by facilitating swifter decision making.

48

Table of Contents

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

Principal Sources of Income and Expenses

Net Interest Income

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

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

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

Provision (Credit) for Loan Losses

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

Noninterest Income

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

Fee and commission include the following:

- fee and commission from securities-related business, including brokerage fee and commission related to securities underwriting, fee and commission related to investment trusts and individual annuities and other securities-related activities;
- fee and commission from deposits and lending business, which consist mostly of fee and commission related to our loan businesses, including fees related to the arrangement of syndicated loans and other financing transactions such as arrangement fees related to management buy-out transactions and fees related to deposits such as account transfer charges;
- fee and commission from remittance business, including service charges for domestic and international funds transfers and collections;
- trust fees, including trust fees earned primarily through fiduciary asset management and administration services for corporate pension plans and investment funds; and

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

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

Table of Contents

Trading account gains (losses) net include gains and losses from transactions undertaken for trading purposes, including both market making for customers and proprietary trading, or transactions through which we seek to capture gains arising from short-term changes in market value. Trading account gains (losses) net also include gains and losses related to changes in the fair value of derivatives and other financial instruments not eligible for hedge accounting under U.S. GAAP that are utilized to offset mainly interest rate risk related to our various assets and liabilities, as well as gains and losses related to changes in the fair value of foreign currency-denominated available-for-sale securities that are elected for fair value treatment under ASC 825. For further information on the fair value option, see note 27 to our consolidated financial statements included elsewhere in this annual report.

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

Noninterest Expenses

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

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

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

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

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

Operating Environment

We operate principally in Japan, and our performance has generally tracked the macro economy of Japan.

Since the fiscal year ended March 31, 2013, the gradual recovery in the global economy has continued, although some weaknesses in the recovery have been seen in some regions. In the fiscal year ended March 31, 2015, this recovery continued particularly in the major industrialized countries, but it remained necessary to monitor the economic outlook for Europe, China and emerging countries, geopolitical risks, and the effect of the decline in crude oil prices. In the United States, the economy continues to recover as employment conditions improved and consumer spending picked up. It is expected that the steady recovery in the economy will continue, while the possible effects of movements toward normalization of monetary policy requires continued monitoring. In Europe, the economies of the Euro area continued to recover gradually, in addition to steady recovery in the United Kingdom. Although it is expected that the economies of the region will continue to follow a track to recovery, the effect of the consequence of debt problems (including developments in Greece), high unemployment rates, the effect of the slowdown of the Russian economy and conflicts in Ukraine and trends in monetary policy require continued monitoring. In Asia, overall economic growth lacked momentum, partially due to the weakening in exports. In the coming year, it is expected that regional demand will increase supported by low crude oil prices. However, because there are still uncertainties in the global economy, such as the

Table of Contents

potential interest rate hike in the United States which could draw capital out from the region, it is expected that growth of the regional economy will remain gradual. In China, although the economy continued to grow in a stable manner, the pace of economic growth was significantly slower. The Chinese government itself described the current situation of China s economy as the New Normal, under which it is expected to continue to grow at a medium to high rate. However, a possibility of a slowdown in growth rate began to be recognized mainly due to the issues of excess equipment in the manufacturing sector and weakness in the real estate market. In addition, the Shanghai stock exchange composite index has recently been showing significant volatility and requires continued monitoring. In Japan, as the gradual economic recovery trend continued, there were improvements in employment conditions and companies earnings. As for the future outlook of the Japanese economy, while due attention is required for the risk of the slowing down of overseas economies, the Japanese economy can be expected to continue picking up, supported by such factors as growth in consumer spending backed by a recovery in employee wages and increased exports due to the continued trend of depreciation of the yen against other major currencies.

Key indicators of Japanese economic conditions in recent periods include the following:

Japan s real gross domestic product on a year-on-year basis increased by 1.0% and 2.1% in the fiscal years ended March 31, 2013 and 2014, respectively, and decreased by 0.9% in the fiscal year ended March 31, 2015. Japan s real gross domestic product on a quarterly basis, compared to the corresponding period of the previous year, increased consecutively from the first quarter of calendar 2013 through the first quarter of calendar 2014 and decreased consecutively from the second quarter of calendar 2014 through the first quarter of calendar 2015.

The Japanese government has been stating in its monthly economic reports that the Japanese economy is on a moderate recovery, while noting that weakness can be seen in private consumption in January and February 2015 and that improvement can be seen in the corporate sector in March and April 2015. The reports in May and June 2015 further noted that private consumption is showing signs of picking up and that consumer prices are rising moderately. The June 2015 report also noted that business investment is picking up recently.

Japan s core nationwide consumer price index decreased by 0.2% in the fiscal year ended March 31, 2013, but increased by 0.8%, 2.8% in the fiscal year ended March 31, 2014 and 2015.

Table of Contents

The following chart shows the growth rates of Japan s gross domestic product on a year-on-year basis and Japan s core nationwide consumer price indices from the first quarter of 2012 through the first quarter of 2015:

In January 2013, the Bank of Japan announced that it would set a price stability target at 2% in terms of the year-on-year rate of change in the consumer price index and introduced the open-ended asset purchasing method under the asset purchase program, pursuant to which financial assets will be purchased on a monthly basis without setting any termination date, for the purpose of taking additional steps to provide monetary accommodation decisively. Furthermore, the Japanese government and the Bank of Japan released a joint statement that they would strengthen their policy coordination and work together in order to overcome deflation early and achieve sustainable economic growth with price stability. In April 2013, the Bank of Japan announced that it would introduce the quantitative and qualitative monetary easing to enter a new phase of monetary easing and that it would continue with the easing which aims to achieve the price stability target of 2% until that target is maintained in a stable manner. Under the easing, the Bank of Japan changed the main operating target for money market operations from the uncollateralized overnight call rate to the monetary base, and announced that it would double the monetary base and the amounts outstanding of Japanese government bonds as well as Exchange-traded funds (ETFs) in two years and more than double the average remaining maturity of Japanese government bonds purchases. In October 2014, for the purpose of pre-empting manifestation of the risk that the conversion of deflationary mindsets might be delayed and maintaining the improving momentum of expectation formation, the Bank of Japan announced that it would expand the quantitative and qualitative monetary easing. In particular, the Bank of Japan also announced that it would expand the monetary base to be increased at an annual pace of about ¥80 trillion (an addition of about ¥10-20 trillion compared with the past). The Bank of Japan also announced that it would expand the purchases of Japanese government bonds to be increased at an annual pace of about ¥80 trillion (an addition of about ¥30 trillion compared with the past) and expand the purchases of ETFs and Japan real estate investment trusts so that their amounts outstanding would be increased at an annual pace of ¥3 trillion (tripled compared with the previously announced amount) and ¥90 billion (tripled compared with the previously announced amount), respectively. Additionally, the Bank of Japan announced it would make ETFs that track the JPX-Nikkei Index 400 eligible for purchase.

Table of Contents

The following charts show movements in long-term rates from January 2012 to June 2015, represented by the yield on newly issued 10-year Japanese government bonds, and in short-term interest rates from January 2012 to June 2015, represented by the three-month Tokyo interbank offered rate, or TIBOR, and the uncollateralized overnight call rate used in the interbank market:

According to the Bank of Japan, the aggregate monthly average balance of bank loans compared with that of the previous year started to increase in October 2011 and has continued to increase, with the rate of increase gradually rising, through March 2015.

The CDS index called Markit iTraxx Japan, which is composed of 50 of the most liquid investment grade CDSs for Japanese entities, fell to 57.5 basis points as of March 31, 2015 from 83.6 basis points as of March 31, 2014, but rose to 60.5 basis points as of June 30, 2015. For information on financial transactions for hedging in relation to credit derivatives, see Item 3.D. Key Information Risk Factors Risks Relating to Our Business Financial transactions entered into for hedging and other similar purposes could adversely affect our financial condition and results of operations.

Table of Contents

According to Teikoku Databank, a Japanese research institution, there were approximately 10,710 corporate bankruptcies in the fiscal year ended March 31, 2013, involving approximately ¥2.9 trillion in total liabilities, approximately 10,102 corporate bankruptcies in the fiscal year ended March 31, 2014, involving approximately ¥2.7 trillion in total liabilities, and approximately 9,044 corporate bankruptcies in the fiscal year ended March 31, 2015, involving approximately ¥1.9 trillion in total liabilities. The number of corporate bankruptcies decreased from a year earlier for the sixth consecutive year, and the amount of total liabilities marked the lowest level in the past ten years.

According to the Tokyo Stock Exchange, or the TSE, the aggregate ordinary profits and net income of all companies listed on the TSE with a March 31 fiscal year end, excluding financial institutions and companies newly listed during the relevant fiscal year, increased from ¥23.5 trillion and ¥10.4 trillion, respectively, for the fiscal year ended March 31, 2013, to ¥33.2 trillion and ¥20.4 trillion, respectively, for the fiscal year ended March 31, 2014, and increased to ¥35.2 trillion and ¥21.3 trillion, respectively, for the fiscal year ended March 31, 2015.

According to the Bank of Japan, total financial assets of households increased from ¥1,580.3 trillion as of March 31, 2013 to ¥1,623.0 trillion as of March 31, 2014 and increased to ¥1,707.5 trillion as of March 31, 2015. The following chart shows the amount of total financial assets of households and breakdown based on type of financial asset as of the ends of the first quarter of 2012 through the first quarter of 2015:

Table of Contents

The Nikkei Stock Average, which is an average of the price of 225 stocks listed on the Tokyo Stock Exchange, increased by 23.0% to ¥12,397.91 during the fiscal year ended March 31, 2013, followed by a 19.6% increase to ¥14,827.83 during the fiscal year ended March 31, 2014 and a 29.5% increase to ¥19,206.99 during the fiscal year ended March 31, 2015. Thereafter, the Nikkei Stock Average increased to ¥20,235.73 as of June 30, 2015. The following chart shows the daily closing price of the Nikkei Stock Average from January 2012 to June 2015:

The yen to U.S. dollar spot exchange rate, according to the Bank of Japan, was ¥94.04 to $1.00 as of March 29, 2013, ¥102.98 to $1.00 as of March 31, 2014 and ¥120.21 to $1.00 as of March 31, 2015. Thereafter, the yen weakened to ¥122.25 to $1.00 as of June 30, 2015. The following chart shows the yen/dollar spot rate of 5 p.m. Tokyo time published by the Bank of Japan from January 2012 to June 2015:

According to the Ministry of Land, Infrastructure, Transport and Tourism of Japan, housing starts in Japan increased by 6.2%, 10.6% in the fiscal years ended March 31, 2013 and 2014 respectively, but decreased by 10.8% in the fiscal year ended March 31, 2015.

According to the Ministry of Land, Infrastructure, Transport and Tourism of Japan, the average published land prices in Japan decreased by 1.6%, 0.6% and 0.4% during calendar years 2012, 2013 and 2014, respectively.

Capital Improvements

All yen figures and percentages in this subsection are truncated.

We have been implementing disciplined capital management by pursuing the optimal balance between strengthening of stable capital base and steady returns to shareholders as described below.

Strengthening of Stable Capital Base

In the fiscal year ended March 31, 2015, we strengthened our capital base mainly as a result of earning ¥611.9 billion of consolidated net income (under Japanese GAAP).

With respect to redemptions of previously issued securities, since April 2014, we have redeemed various securities that are eligible Tier 1/Tier 2 capital instruments subject to phase-out arrangements under Basel III upon their respective initial optional redemption dates or their respective maturity dates. With respect to Tier 1 capital, in June 2014, we redeemed $850.0 million and ¥139.5 billion of non-dilutive Tier 1 preferred securities issued by our overseas special purpose companies in February 2009 and June 2009, respectively. In June 2015, we redeemed ¥355.0 billion, ¥72.5 billion and ¥25.0 billion of non-dilutive Tier 1 preferred securities issued by our overseas special purpose companies in December 2008, August 2009 and September 2009, respectively. With respect to Tier 2 capital, in April 2014, we redeemed $1.5 billion of dated subordinated bonds issued by our overseas special purpose company. We redeemed ¥66.0 billion, ¥60.0 billion, ¥55.0 billion and ¥60.0 billion of dated subordinated bonds in June 2014, August 2014, September 2014 and February 2015, respectively, all of which were issued by our subsidiary bank.

With respect to new issuances, we issued ¥100.0 billion, ¥50.0 billion and ¥50.0 billion of dated subordinated bonds with a write-down feature that are Basel III-eligible Tier 2 capital instruments through public offerings to wholesale investors in Japan in July 2014, December 2014 and June 2015, respectively. In addition, on July 17, 2015, we announced our decision to issue, to qualified institutional investors in Japan, ¥300.0 billion of Additional Tier 1 perpetual subordinated bonds with optional-redemption clause and write-down clause.

Our Common Equity Tier 1 capital ratio under Basel III was 8.80% and 9.43% as of March 31, 2014 and 2015, respectively. We aim to strengthen our capital base, by March 31, 2016, to the level that enables us to stably secure our Common Equity Tier 1 capital ratio under Basel III of 8% or higher (on a fully-effective basis and including the outstanding balance of the eleventh series class XI preferred stock, which was ¥213.1 billion as of March 31, 2015, that will become mandatorily converted into common stock, and will thus be fully recognized as Common Equity Tier 1 capital, by July 2016). We believe that we will be able to secure a sufficient Common Equity Tier 1 capital ratio under Basel III as of March 31, 2019 when it becomes fully effective pursuant to its phase-in implementation. The foregoing target is based on capital regulations that have been announced to date.

The foregoing statements include forward-looking statements and are subject to risks, uncertainties and assumptions. See Forward-looking Statements and Item 3.D. Key Information Risk Factors.

Table of Contents

Steady Returns to Shareholders

We paid cash dividends with respect to the fiscal year ended March 31, 2015 of ¥7.5 per share of common stock (including interim dividend payments of ¥3.5 per share), an increase of ¥1.0 per share from the previous fiscal year.

We continuously consider the optimal balance between strengthening of stable capital base and steady returns to shareholders. We will comprehensively consider the business environment such as the Mizuho group s business results, profit base, capital, and domestic and international regulation trends such as the Basel framework and determine cash dividend payments for each term.

Business Trends

Based on our current operating environment and management focus, we believe that the trends that are most significant to our current and future results of operations include the following:

Loans and Deposits

Loan volume

Our total loan balance increased on a year-on-year basis in the fiscal year ended March 31, 2015 due mainly to an increase in overseas loans. The increase in overseas loans was due mainly to an increase in loans to commercial and industrial and banks and other financial institutions, mainly in Americas and Asia.

Margins between loans and deposits

In April 2013, the Bank of Japan announced that it would introduce the quantitative and qualitative monetary easing to enter a new phase of monetary easing both in terms of quantity and quality, and the uncollateralized overnight call rate has been maintained at around 0 to 0.1% for several years. Reflecting a decline in short-term interest rate levels of the yen, the average yield on domestic loans decreased from 1.17% in the fiscal year ended March 31, 2014 to 1.09% in the fiscal year ended March 31, 2015, and the average rate on domestic interest-bearing deposits decreased from 0.07% to 0.06%.

Provision (credit) for loan losses

Credit for loan losses decreased by ¥66 billion from the previous fiscal year to ¥60 billion in the fiscal year ended March 31, 2015 due primarily to an increase in allowance for loan losses on impaired loans related to certain domestic borrowers, although we continued to record a credit for loan losses and recorded a decrease in allowance for loan losses on non-impaired loans as a result of upgrades in the obligor categories of a broad range of borrowers, reflecting the continuing gradual recovery of the Japanese economy. The amount of provision for loan losses in future fiscal years will depend largely on trends in the credit quality of borrowers, which in turn will be affected by the domestic and global economic environment and other factors, and changes in the value of collateral on our loans.

Fee and Commission

For the fiscal year ended March 31, 2014, fee and commission increased by ¥63 billion from the previous fiscal year to ¥676 billion due mainly to an increase in fee and commission from securities-related business, such as those related to investment trusts and individual annuities as a result of the upturn in domestic stock markets, and an increase in fees for other customer services. For the fiscal year ended March 31, 2015, fee and commission increased by ¥40 billion from the previous fiscal year to ¥716 billion due mainly to an increase in fee and commission from deposits and lending business as a result of our increased involvement in large overseas transactions, and an increase in fee and commission from other customer services, due mainly to an increase in fees related to real estate in our trust and asset management business of a principal banking subsidiary.

Table of Contents

Debt and Equity Securities Portfolio

The amount of our funding through deposits significantly exceeds our total loans. As a result, we allocate a significant portion of such excess among investments in debt securities, including Japanese government bonds and investments in equity securities consisting mainly of common stock of Japanese listed company customers. We also hold some credit and alternative investments for the purpose of diversifying our risks and expanding our income sources.

Increases in long-term interest rates generally lead to a decline in the fair value of our portfolio of debt securities, a vast majority of which consists of Japanese government bonds. As of March 31, 2015, we had a total of ¥22,674 billion of available-for-sale debt securities within our investments, of which ¥17,414 billion was Japanese government bonds. Changes in fair value of such available-for-sale debt securities are reflected in accumulated other comprehensive income, net of tax in equity or, in the case of other-than-temporary impairments, charged to income as an impairment loss. We had ¥27,227 billion and ¥22,674 billion of available-for-sale debt securities as of March 31, 2014 and 2015, respectively, and net unrealized gains of ¥60 billion and ¥73 billion were reflected in accumulated other comprehensive income, net of tax as of such dates, respectively. We earned investment gains related to bonds of ¥60 billion in the fiscal year ended March 31, 2014 and ¥104 billion in the fiscal year ended March 31, 2015. The increase in investment gains related to bonds was due mainly to an increase in gains on sales of bonds, which reflected a decline in long-term interest rates. As the Bank of Japan announced a price stability target of 2% in January 2013 and the changes in interest rates that could result may have a substantial impact on the value of our Japanese government bond portfolio, in order to prepare for the risk of sudden and significant future interest rate rise, we continue to manage our Japanese government bond portfolio conservatively by managing the average remaining period of our portfolio and strengthening risk management including through the use of internal stress tests.

Because the size of our portfolio of marketable equity securities is substantial, we are subject to significant equity market risk, as increases in unrealized gains and losses related to changes in the fair value of available-for-sale marketable equity securities are reflected in accumulated other comprehensive income, net of tax in equity or, in the case of other-than-temporary impairments to fair value, charged to income as an impairment loss. As of March 31, 2013, 2014 and 2015, we recorded net unrealized gains related to marketable equity securities of ¥1,440 billion, ¥1,754 billion and ¥2,699 billion, respectively, in accumulated other comprehensive income, net of tax in equity. For the fiscal years ended March 31, 2013, 2014 and 2015, impairment losses on available-for-sale securities were ¥76 billion, ¥5 billion and ¥1 billion, respectively, of which impairment losses on marketable equity securities were ¥72 billion, ¥4 billion and ¥1 billion, respectively. We plan to continue managing the size of our stock portfolio in light of the equity market risk that it subjects us to.

Table of Contents

Others

Exposure to Certain European Countries (GIIPS)

In Europe, fiscal problems in certain countries, including Greece, Ireland, Italy, Portugal and Spain, have affected the financial system and the real economy, and the uncertainty concerning European economic activity continues to present a risk of a downturn in the world economy. As of March 31, 2015, our exposure to obligors in such countries was not significant. Specifically, our principal banking subsidiaries (including their overseas subsidiaries) had a total of approximately $6.4 billion in exposure to obligors in such countries. The breakdown by country and by type of obligor was as follows:

	As of March 31,		Increase
	2014	2015	(decrease)
	(in billions of US dollars)		
Greece	$	$	$
Sovereign			
Financial Institutions			
Others			
Ireland	0.3	1.5	1.2
Sovereign			
Financial Institutions			
Others	0.3	1.5	1.2
Italy	1.4	1.9	0.5
Sovereign	0.1	0.5	0.4
Financial Institutions	0.1		(0.1)
Others	1.2	1.4	0.2
Portugal	0.5	0.3	(0.2)
Sovereign			
Financial Institutions			
Others	0.5	0.3	(0.2)
Spain	3.0	2.7	(0.3)
Sovereign		0.1	0.1
Financial Institutions		0.2	0.2
Others	3.0	2.4	(0.6)
Total	$ 5.2	$ 6.4	$ 1.2
Sovereign	0.1	0.6	0.5
Financial Institutions	0.1	0.2	0.1
Others	5.0	5.6	0.6

Notes:

(1) Figures in the above table are on a managerial accounting basis. The difference between the exposure based on U.S. GAAP and that based on managerial accounting is attributable mainly to the netting of derivatives exposure as described in footnote 2 below and does not have a material impact on total exposure amounts set forth in the above table.

(2) Figures in the above table represent gross exposure except for derivatives exposure which takes into consideration legally enforceable master netting agreements.

Exposure to Russia and Ukraine

As for our exposure to obligors in Russia, our principal banking subsidiaries (including their overseas subsidiaries) had a total of approximately $5.3 billion in exposure as of March 31, 2014, which decreased to $3.5 billion as of March 31, 2015. Our principal banking subsidiaries (including their overseas subsidiaries) had no exposure to obligors in Ukraine as of March 31, 2014 and 2015. The exposure amounts are on a managerial accounting basis, and footnotes 1 and 2 to the table immediately above are similarly applicable to these amounts.

59

Table of Contents

Critical Accounting Estimates

Note 1 to our consolidated financial statements included elsewhere in this annual report contains a summary of our significant accounting policies. These accounting policies are essential to understanding our financial condition and results of operations. Certain of these accounting policies require management to make critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates are based on information available to us as of the date of the financial statements and could change from period to period. Critical accounting estimates could also involve estimates for which management could have reasonably used another estimate for the relevant accounting period. The use of different estimates could have a material impact on our financial condition and results of operations. The following is a discussion of significant accounting policies for which critical accounting estimates are used.

Allowance for Loan Losses and Allowance for Losses on Off-Balance-Sheet Instruments

The allowance for loan losses is based on management s estimate of probable credit losses existing in our lending portfolio, and the allowance for losses on off-balance-sheet instruments is based on management s estimate of probable losses related to off-balance-sheet arrangements such as guarantees and commitments to extend credit.

The allowance for loan losses is categorized and evaluated using the following methods:

Allowance based on ASC 310. In accordance with ASC 310, Receivables (ASC 310), we measure the value of specifically identified impaired loans based on the present value of expected cash flows discounted at the loans initial effective interest rate, or as a practical expedient, using the observable market price or the fair value of collateral if the loan is collateral dependent, when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. The collateral that we obtain for loans consists primarily of real estate or listed securities. In obtaining the collateral, we evaluate the value of the collateral and its legal enforceability, and we also perform subsequent re-evaluations at least once a year. As to collateral of loans that are collateral dependent, in the case of real estate, valuation is generally performed by an appraising subsidiary that is independent from our loan origination sections by using generally accepted valuation techniques such as (i) the replacement cost approach, or (ii) the sales comparison approach or (iii) the income approach, although in the case of large real estate collateral, we generally engage third-party appraisers to perform the valuation. In the case of securities, such securities are typically those of listed companies and observable market prices are used for valuation. Management identifies impaired loans through the credit quality review process, in which the ability of borrowers to service their debt is assessed. The difference between our evaluation of the value of the impaired loan and its principal amount is the amount of the impairment which is recorded in the allowance for loan losses. Estimation of future cash flows is based on a comprehensive analysis of the borrower s ability to service the debt, any progress made on the borrower s rehabilitation program and the assumptions used therein.

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

Adjustment of ASC 450 Allowance. In addition to the allowance for loan losses based on historical loss factors, the historical loss rate is adjusted, where appropriate, to reflect current factors, such as general economic and business conditions affecting key lending areas, credit quality trends, specific industry conditions and recent loss experience in the segments of the loan portfolio. For loans which are not

Table of Contents

deemed to be impaired under ASC 310 but to which special isolated risks apply, management assesses each loan individually to determine appropriate allowance amounts in lieu of mechanically applying the ASC 450 formula-based allowance.

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

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

Valuation of Financial Instruments

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

Level 1	Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments. If no quoted market prices are available, the fair values of debt securities and over-the-counter derivative contracts in this category are determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques.

For assets and liabilities classified in Level 1 and 2 of the hierarchy, where inputs are principally based on observable market data, there is less judgment or estimate in determining fair value, while the determination of fair value of Level 3 assets and liabilities involves more significant management judgments and estimates. For further information, including valuation methodologies and the use of management estimates and judgments in connection therewith, see note 27 to the consolidated financial statements included elsewhere in this annual report.

Valuation of Deferred Income Taxes

Deferred income taxes reflect the net tax effects of (1) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (2) operating loss and tax credit carryforwards. Pursuant to ASC 740, Income Taxes (ASC 740), a valuation allowance is recognized for any portion of the deferred tax assets where it is considered more likely than not that

Table of Contents

it will not be realized, based on projected future income, future reversals of existing taxable temporary differences and tax-planning strategies. Because we have not opted to be subject to consolidated taxation, deferred tax assets and liabilities are calculated separately for each member of our consolidated group.

The determination of a valuation allowance is an inherently uncertain process due to the use of projected future taxable income and subjective assessments in the effectiveness of our available tax-planning strategies provided for under ASC 740. Variances in future projected operating performance or tax law changes could result in a change in the valuation allowance. Variances in the net unrealized gains on available-for-sale securities could also affect a change in the valuation allowance, because we consider the sales of available-for-sale securities to be a qualifying tax-planning strategy that is a possible source of future taxable income mainly with respect to our principal banking subsidiaries in Japan. Although we evaluate that this tax-planning strategy is prudent and feasible, it has limitations and risks such as the resulting decrease in net unrealized gains on available-for-sale securities that are available to be utilized in the future. If we are not able to realize all or part of our net deferred tax assets in the future, an adjustment to our valuation allowance would be charged to income tax expense in the period when such determination is made, and this could materially and adversely affect our financial condition and results of operations.

Pension and Other Employee Benefit Plans

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

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

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

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

For further information on our pension and other employee benefits, see note 20 to the consolidated financial statements included elsewhere in this annual report.

Table of Contents

Operating Results

The following table shows certain information as to our income, expenses and net income for the fiscal years ended March 31, 2013, 2014 and 2015:

	Fiscal years ended March 31,		
	2013	2014	2015
	(in billions of yen)		
Interest and dividend income	¥ 1,423	¥ 1,423	¥ 1,458
Interest expense	412	402	412
Net interest income	1,011	1,021	1,046
Provision (credit) for loan losses	140	(126)	(60)
Net interest income after provision (credit) for loan losses	871	1,147	1,106
Noninterest income	1,439	1,083	1,801
Noninterest expenses	1,425	1,504	1,639
Income before income tax expense	885	726	1,268
Income tax expense	4	226	438
Net income	881	500	830
Less: Net income (loss) attributable to noncontrolling interests	6	2	27
Net income attributable to MHFG shareholders	¥ 875	¥ 498	¥ 803

Executive Summary

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Net interest income increased by ¥25 billion, or 2.4%, from the previous fiscal year to ¥1,046 billion in the fiscal year ended March 31, 2015 due to an increase in net foreign interest and dividend income of ¥69 billion, offset in part by a decrease in net domestic interest and dividend income of ¥44 billion. The increase in net foreign interest and dividend income was due mainly to increases in interest income from foreign loans and foreign investments as a result of an increase in average balance, mainly in Americas and Asia. The decrease in net domestic interest and dividend income was due mainly to decreases in interest income from domestic loans as a result of a decrease in the average yield, and domestic investments as a result of a decrease in interest income on interest on securities, both reflecting declines in interest rate levels of yen. Credit for loan losses decreased by ¥66 billion from the previous fiscal year to ¥60 billion in the fiscal year ended March 31, 2015 due primarily to an increase in allowance for loan losses on impaired loans related to certain domestic borrowers, although we continued to record a credit for loan losses and recorded a decrease in allowance for loan losses on non-impaired loans as a result of upgrades in the obligor categories of a broad range of borrowers, reflecting the continuing gradual recovery of the Japanese economy.

Noninterest income increased by ¥718 billion, or 66.3%, from the previous fiscal year to ¥1,801 billion in the fiscal year ended March 31, 2015. The increase was due mainly to trading account gains net of ¥690 billion compared to trading account losses net of ¥60 billion in the previous fiscal year, offset in part by a decrease in foreign exchange losses net of ¥35 billion compared to foreign exchange gains net of ¥26 billion in the previous fiscal year. The change in trading account gains (losses) net was due mainly to an increase in gains related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected and an increase in gains related to changes in the fair value of derivative financial instruments used to hedge market risks that are not eligible for hedge accounting under U.S. GAAP. The decrease in foreign exchange gains (losses) net was due mainly to fluctuations in foreign exchange rates in the fiscal year ended March 31, 2015.

Noninterest expenses increased by ¥135 billion, or 9.0%, from the previous fiscal year to ¥1,639 billion in the fiscal year ended March 31, 2015. The increase was due mainly to increases in general administrative

63

expenses of ¥43 billion, salaries and employee benefits of ¥18 billion and occupancy expenses of ¥17 billion. The increase in general administrative expenses was due mainly to increases in domestic consumption tax, reflecting the rise in the consumption tax rate, IT-related costs and advertising expenses. The increase in salaries and employee benefits was due mainly to an increase in overseas personnel expenses, offset in part by a decrease in employee retirement benefit expenses. The increase in occupancy expenses was due mainly to increases in rent expenses and depreciation expenses of tangible fixed assets.

As a result of the foregoing, income before income tax expense increased by ¥542 billion, or 74.7%, from the previous fiscal year to ¥1,268 billion in the fiscal year ended March 31, 2015. Income tax expense increased by ¥212 billion from the previous fiscal year to ¥438 billion in the fiscal year ended March 31, 2015, due to increases in both current tax expense and deferred tax expense.

Net income increased by ¥330 billion, or 66.0%, from the previous fiscal year to ¥830 billion in the fiscal year ended March 31, 2015. Net income attributable to noncontrolling interests increased by ¥25 billion from the previous fiscal year to ¥27 billion in the fiscal year ended March 31, 2015. As a result, net income attributable to MHFG shareholders increased by ¥305 billion, or 61.2%, from the previous fiscal year to ¥803 billion in the fiscal year ended March 31, 2015.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Net interest income increased by ¥10 billion, or 1.0%, from the previous fiscal year to ¥1,021 billion in the fiscal year ended March 31, 2014 due to an increase in net foreign interest and dividend income of ¥60 billion, offset in part by a decrease in net domestic interest and dividend income of ¥50 billion. The increase in net foreign interest and dividend income was due mainly to an increase in interest income from foreign loans as a result of an increase in the average balance, mainly in Asia, offset in part by an increase in interest expense on foreign deposits as a result of an increase in the average balance and an increase in interest expense on foreign trading account liabilities as a result of an increase in the average interest rate, reflecting a rise in long-term interest rate levels of major currencies, as well as an increase in the average balance. The decrease in net domestic interest and dividend income was due mainly to a decrease in interest income from domestic loans as a result of a decrease in the average yield, reflecting a decline in short-term interest rate levels of yen and a decrease in interest and dividend income from domestic investments as a result of a decrease in the average balance as a result of sales and redemptions of Japanese government bonds. These effects were offset in part by a decrease in interest expense on domestic short-term borrowings as a result of a decrease in the average balance and a decrease in the average rate, reflecting a decline in short-term interest rate levels of yen. We recorded a credit for loan losses of ¥126 billion in the fiscal year ended March 31, 2014 compared to a provision for loan losses of ¥140 billion in the previous fiscal year. The change was due primarily to a decrease in allowance for loan losses on domestic impaired loans as a result of upgrades and collections related to some borrowers and allowance for loan losses on non-impaired loans reflecting upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy.

Noninterest income decreased by ¥356 billion, or 24.7%, from the previous fiscal year to ¥1,083 billion in the fiscal year ended March 31, 2014. The decrease was due mainly to trading account losses net of ¥60 billion compared to trading account gains net of ¥534 billion in the previous fiscal year, offset in part by an increase in investment gains net of ¥145 billion and an increase in fee and commission income of ¥63 billion. The change in trading account gains (losses) net was due mainly to an increase in losses related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected and an increase in losses related to changes in the fair value of derivative financial instruments used to hedge market risks that are not eligible for hedge accounting under U.S. GAAP. The increase in investment gains net was due mainly to an increase in investment gains related to equity securities and other investment gains recorded in the fiscal year ended March 31, 2014 compared to other investment losses in the previous fiscal year, offset in part by a decrease in investment gains related to bonds. The increase in investment gains related to equity securities

Table of Contents

was due mainly to a decrease in impairment losses on equity securities and an increase in gains on sales of equity securities, both of which were results of an upturn in domestic stock market conditions. The decrease in investment gains related to bonds was due mainly to a decrease in gains on sales of bonds, which reflected a rise in long-term interest rates of the yen and certain other major currencies. The increase in fee and commission was due mainly to an increase in fee and commission from securities-related business, as a result of upturn in domestic stock markets, and an increase in fees for other customer services.

Noninterest expenses increased by ¥79 billion, or 5.5%, from the previous fiscal year to ¥1,504 billion in the fiscal year ended March 31, 2014. The increase was due mainly to an increase in general and administrative expenses of ¥47 billion and an increase in salaries and employee benefits of ¥15 billion. The increase in general and administrative expenses was due mainly to increases in IT-related costs and advertising expenses. The increase in salaries and employee benefits was due mainly to an increase in overseas personnel expenses, offset in part by the effect of decreased employee retirement benefit expenses.

As a result of the foregoing, income before income tax expense decreased by ¥159 billion, or 18.0%, from the previous fiscal year to ¥726 billion in the fiscal year ended March 31, 2014. Income tax expense increased by ¥222 billion from the previous fiscal year to ¥226 billion in the fiscal year ended March 31, 2014 due mainly to deferred tax expense of ¥90 billion compared to deferred tax benefit of ¥44 billion in the previous fiscal year and an increase in current tax expense of ¥88 billion.

Net income decreased by ¥381 billion, or 43.2%, from the previous fiscal year to ¥500 billion in the fiscal year ended March 31, 2014. Net income attributable to noncontrolling interests decreased by ¥4 billion, or 66.7% from the previous fiscal year to ¥2 billion in the fiscal year ended March 31, 2014. As a result, net income attributable to MHFG shareholders decreased by ¥377 billion, or 43.1%, from the previous fiscal year to ¥498 billion in the fiscal year ended March 31, 2014.

Net Interest Income

The following table shows the average balance of interest-earning assets and interest-bearing liabilities, interest amounts and the average interest rates on such assets and liabilities for the fiscal years ended March 31, 2013, 2014 and 2015:

	Fiscal years ended March 31,								
	2013			2014			2015		
	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate	Average balance	Interest amount	Interest rate
	(in billions of yen, except percentages)								
Domestic:									
Interest-bearing deposits in other banks	¥ 3,096	¥ 3	0.10%	¥ 10,995	¥ 12	0.10%	¥ 15,900	¥ 20	0.12%
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	6,676	11	0.17	4,048	8	0.21	4,771	8	0.17
Trading account assets	9,019	15	0.17	6,937	24	0.35	6,755	32	0.47
Investments	38,974	191	0.49	34,481	155	0.45	31,690	127	0.40
Loans	53,222	674	1.27	54,230	634	1.17	54,207	593	1.09
Total interest-earning assets	110,987	894	0.81	110,691	833	0.75	113,323	780	0.69
Deposits	70,281	57	0.08	73,858	53	0.07	77,126	50	0.06
Short-term borrowings(1)	26,540	42	0.16	20,471	29	0.14	17,342	24	0.14
Trading account liabilities	2,986	13	0.44	2,836	12	0.42	2,629	14	0.52
Long-term debt	8,184	171	2.09	9,046	178	1.97	11,730	175	1.49
Total interest-bearing liabilities	107,991	283	0.26	106,211	272	0.26	108,827	263	0.24
Net	2,996	611	0.55	4,480	561	0.49	4,496	517	0.45
Foreign:									
Interest-bearing deposits in other banks	3,600	15	0.42	4,878	22	0.45	5,689	29	0.51
Call loans and funds sold, and receivables under resale agreements and securities borrowing transactions	10,226	51	0.50	11,961	34	0.28	10,862	33	0.30
Trading account assets	11,352	154	1.36	11,780	137	1.16	11,950	142	1.19
Investments	2,045	34	1.73	1,910	48	2.52	2,850	79	2.77
Loans	14,289	275	1.92	17,420	349	2.00	21,634	395	1.83
Total interest-earning assets	41,512	529	1.28	47,949	590	1.23	52,985	678	1.28
Deposits	11,700	67	0.58	14,695	80	0.55	19,801	100	0.51
Short-term borrowings(1)	16,653	49	0.29	20,598	28	0.13	20,326	28	0.14
Trading account liabilities	965	11	1.09	1,319	19	1.44	1,692	17	1.05
Long-term debt	733	2	0.40	764	3	0.39	268	4	1.66
Total interest-bearing liabilities	30,051	129	0.43	37,376	130	0.35	42,087	149	0.36
Net	11,461	400	0.85	10,573	460	0.88	10,898	529	0.92

Total:									
Total interest-earning assets	152,499	1,423	0.93	158,640	1,423	0.90	166,308	1,458	0.88
Total interest-bearing liabilities	138,042	412	0.30	143,587	402	0.28	150,914	412	0.27
Net	¥ 14,457	¥ 1,011	0.63	¥ 15,053	¥ 1,021	0.62	¥ 15,394	¥ 1,046	0.61

Note:

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

Table of Contents

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Interest and dividend income increased by ¥35 billion, or 2.5%, from the previous fiscal year to ¥1,458 billion in the fiscal year ended March 31, 2015. Domestic interest and dividend income accounted for ¥780 billion of the total amount, a decrease of ¥53 billion from the previous fiscal year, and foreign interest and dividend income accounted for ¥678 billion, an increase of ¥88 billion from the previous fiscal year.

The decrease in domestic interest and dividend income was due mainly to decreases in interest income from domestic loans and in interest and dividend income from domestic investments. The decrease in interest income from domestic loans was due mainly to a decrease in the average yield, and the decrease in interest and dividend income from domestic investments was due mainly to a decrease in interest income on interest on securities, both reflecting declines in interest rate levels of yen. Changes in the average yields on domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥48 billion, and changes in the average balances of domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥5 billion, resulting in the ¥53 billion decrease in domestic interest and dividend income.

The increase in foreign interest and dividend income was due mainly to increases in interest income from foreign loans and in interest and dividend income from foreign investments. The increases in interest income from foreign loan and interest and dividend income from foreign investments were due mainly to an increase in the average balance mainly in Americas and Asia. Changes in the average yields on foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥18 billion, and changes in the average balance of foreign interest-earning assets contributed to an overall increase of ¥106 billion, resulting in the ¥88 billion increase in foreign interest and dividend income.

Interest expense increased by ¥10 billion, or 2.5%, from the previous fiscal year to ¥412 billion in the fiscal year ended March 31, 2015. Domestic interest expense accounted for ¥263 billion of the total amount, a decrease of ¥9 billion from the previous fiscal year, and foreign interest expense accounted for ¥149 billion of the total amount, an increase of ¥19 billion from the previous fiscal year.

The decrease in domestic interest expense was due mainly to decreases in interest expense on domestic short-term borrowings, domestic deposits and long-term debt. The decrease in interest expense on domestic short-term borrowings was due mainly to decreases in the average balance and in the average interest rate, reflecting a decline in short-term interest rate levels of yen. The decreases in domestic deposits and long-term debt were due mainly to a decrease in the average yields reflecting a decline in interest rate levels of yen, offset in part by the effect of an increase in the average balance of long-term debt. The changes in the average interest rates on domestic interest-bearing liabilities contributed to an overall decrease in interest expense of ¥46 billion, and the changes in the average balance of domestic interest-bearing liabilities contributed to an overall increase in interest expense of ¥37 billion, resulting in the ¥9 billion decrease in domestic interest expense.

The increase in foreign interest expense was due mainly to an increase in interest expense on foreign deposits. The increase in foreign interest expense on foreign deposits was due mainly to an increase in the average balance. The changes in the average interest rates on foreign interest-bearing liabilities contributed to an overall decrease in interest expense of ¥8 billion, and the changes in the average balance of foreign interest-bearing liabilities contributed to an overall increase in interest expense of ¥27 billion, resulting in the ¥19 billion increase in foreign interest expense.

As a result of the foregoing, net interest income increased by ¥25 billion, or 2.4%, from the previous fiscal year to ¥1,046 billion. The average interest rate spread declined by 0.01% from the previous fiscal year to 0.61% in the fiscal year ended March 31, 2015. The decline of the average interest rate spread was not significant because both the average yields on total interest-earning assets and the average interest rates on total interest-bearing liabilities generally leveled out between these periods.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Interest and dividend income was ¥1,423 billion in the fiscal year ended March 31, 2014, which was the same level as the previous fiscal year. Domestic interest and dividend income accounted for ¥833 billion of the total amount, a decrease of ¥61 billion from the previous fiscal year, and foreign interest and dividend income accounted for ¥590 billion, an increase of ¥61 billion from the previous fiscal year.

The decrease in domestic interest and dividend income was due mainly to decreases in interest income from domestic loans and in interest and dividend income from domestic investments. The decrease in interest income from domestic loans was due mainly to a decrease in the average yield, reflecting a decline in short-term interest rate levels of yen, offset in part by the effect of an increase in the average balance of domestic loans. The decrease in interest and dividend income from domestic investments was due mainly to a decrease in the average balance of domestic investments as a result of sales and redemptions of Japanese government bonds. Changes in the average yields on domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥52 billion, and changes in the average balances of domestic interest-earning assets contributed to an overall decrease in interest and dividend income of ¥9 billion, resulting in the ¥61 billion decrease in domestic interest and dividend income.

The increase in foreign interest and dividend income was due mainly to an increase in interest income from foreign loans, offset in part by decreases in interest income from foreign call loans and funds sold, and receivable under resale agreements and securities borrowing transactions and in interest income from foreign trading account assets. The increase in interest income from foreign loans was due mainly to an increase in the average balance, mainly in Asia. The decreases in interest income from call loans and funds sold, and receivable under resale agreements and securities borrowing transactions and in interest income from foreign trading account assets were due mainly to a decrease in average yield, reflecting a decline in short-term interest rate levels of major currencies. Changes in the average yields on foreign interest-earning assets contributed to an overall decrease in interest and dividend income of ¥15 billion, and changes in the average balance of foreign interest-earning assets contributed to an overall increase in interest and dividend income of ¥76 billion, resulting in the ¥61 billion increase in foreign interest and dividend income.

Interest expense decreased by ¥10 billion, or 2.4%, from the previous fiscal year to ¥402 billion in the fiscal year ended March 31, 2014. Domestic interest expense accounted for ¥272 billion of the total amount, a decrease of ¥11 billion from the previous fiscal year, and foreign interest expense accounted for ¥130 billion of the total amount, an increase of ¥1 billion from the previous fiscal year.

The decrease in domestic interest expense was due mainly to a decrease in interest expense on domestic short-term borrowings, offset in part by an increase in interest expense on long-term debt. The decrease in interest expense on domestic short-term borrowings was due mainly to a decrease in the average balance and a decrease in the average interest rate, reflecting a decline in short-term interest rate levels of yen. The increase in interest expense on long-term debt was due mainly to an increase in the average balance, offset in part by a decrease in the average interest rates as a result of an increase in low interest rate debt from the Bank of Japan. The changes in the average interest rates on domestic interest-bearing liabilities contributed to an overall decrease in interest expense of ¥22 billion, and the changes in the average balance of domestic interest-bearing liabilities contributed to an overall increase in interest expense of ¥11 billion, resulting in the ¥11 billion decrease in domestic interest expense.

The increase in foreign interest expense was due mainly to increases in interest expense on foreign deposits and foreign trading account liabilities, offset in part by a decrease in interest expense on foreign short-term borrowings. The increase in foreign interest expense on foreign deposits was due mainly to an increase in the average balance. The increase in interest expense on foreign trading account liabilities was due mainly to an increase in the average interest rate, reflecting a rise in long-term interest rate levels of major currencies, as well as an increase in the average balance. The decrease in foreign interest expense on foreign short-term borrowings was due mainly to a decrease in the average interest rate, reflecting a decline in short-term interest rate levels of major currencies. The changes in the average interest rates on foreign interest-bearing liabilities contributed to an overall decrease in interest expense of ¥25 billion, and the changes in the average balance of foreign interest-bearing liabilities contributed to an overall increase in interest expense of ¥26 billion, resulting in the ¥1 billion increase in foreign interest expense.

As a result of the foregoing, net interest income increased by ¥10 billion, or 1.0%, from the previous fiscal year to ¥1,021 billion. The average interest rate spread declined by 0.01% from the previous fiscal year to 0.62% in the fiscal year ended March 31, 2014. The decline of the average interest rate spread was not significant because both the average yields on total interest-earning assets and the average interest rates on total interest-bearing liabilities generally leveled out between these periods.

Provision (Credit) for Loan Losses

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Credit for loan losses decreased by ¥66 billion from the previous fiscal year to ¥60 billion in the fiscal year ended March 31, 2015 due primarily to an increase in allowance for loan losses on impaired loans related to certain domestic borrowers, although we continued to record a credit for loan losses and recorded a decrease in allowance for loan losses on non-impaired loans as a result of upgrades in the obligor categories of a broad range of borrowers, reflecting the continuing gradual recovery of the Japanese economy.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

We recorded a credit for loan losses of ¥126 billion in the fiscal year ended March 31, 2014 compared to a provision for loan losses of ¥140 billion in the previous fiscal year. The change was due primarily to a decrease in allowance for loan losses on domestic impaired loans as a result of upgrades and collections related to some borrowers and allowance for loan losses on non-impaired loans reflecting upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy as described in Overview Operating Environment.

Noninterest Income

The following table shows a breakdown of noninterest income for the fiscal years ended March 31, 2013, 2014 and 2015:

	Fiscal years ended March 31,		
	2013	**2014**	**2015**
	(in billions of yen)		
Fee and commission	¥ 613	¥ 676	¥ 716
Fee and commission from securities-related business	133	170	172
Fee and commission from deposits and lending business	114	114	131
Fee and commission from remittance business	105	109	110
Trust fees	46	49	50
Fees for other customer services	215	234	253
Foreign exchange gains (losses) net	21	26	(35)
Trading account gains (losses) net	534	(60)	690
Investment gains (losses) net	123	238	271
Investment gains (losses) related to bonds	91	60	104
Investment gains (losses) related to equity securities	56	175	163
Others	(24)	3	4
Equity in earnings (losses) of equity method investees net	(2)	28	18
Gains on disposal of premises and equipment	12	10	3
Other noninterest income	138	165	138
Total noninterest income	¥ 1,439	¥ 1,083	¥ 1,801

Table of Contents

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Noninterest income increased by ¥718 billion, or 66.3%, from the previous fiscal year to ¥1,801 billion in the fiscal year ended March 31, 2015. The increase was due mainly to trading account gains net of ¥690 billion compared to trading account losses net of ¥60 billion in the previous fiscal year, offset in part by a decrease in foreign exchange losses net of ¥35 billion compared to foreign exchange gains net of ¥26 billion in the previous fiscal year.

Fee and commission

Fee and commission increased by ¥40 billion, or 5.9%, from the previous fiscal year to ¥716 billion in the fiscal year ended March 31, 2015. The increase was due mainly to an increase in fee and commission from deposits and lending business of ¥17 billion and an increase in fees for other customer services of ¥19 billion. The increase in fee and commission from deposits and lending business was due mainly to our increased involvement in large overseas transactions, and the increase in fee and commission from other customer services was due mainly to an increase in fees related to real estate in the trust and asset management business of a principal banking subsidiary.

Foreign exchange gains (losses) net

Foreign exchange gains (losses) net was a loss of ¥35 billion in the fiscal year ended March 31, 2015 compared to a gain of ¥26 billion in the previous fiscal year. The change was due mainly to fluctuations in foreign exchange rates in the fiscal year ended March 31, 2015.

Trading account gains (losses) net

Trading account gains (losses) net was a gain of ¥690 billion in the fiscal year ended March 31, 2015 compared to a loss of ¥60 billion in the previous fiscal year. The change was due mainly to an increase in gains related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected, reflecting a decline in long-term interest rates, and an increase in gains related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risks, that are not eligible for hedge accounting under U.S. GAAP. For further information on the fair value option, see note 27 to our consolidated financial statements included elsewhere in this annual report.

Investment gains (losses) net

Investment gains net increased by ¥33 billion, or 13.9%, from the previous fiscal year to ¥271 billion in the fiscal year ended March 31, 2015. The increase was due mainly to an increase in investment gains related to bonds of ¥44 billion, or 73.3%, from the fiscal year ended March 31, 2014 to ¥104 billion in the fiscal year ended March 31, 2015, offset in part by a decrease in investment gains related to equity securities of ¥12 billion, or 6.9%, from the fiscal year ended March 31, 2014 to ¥163 billion in the fiscal year ended March 2015. The increase in investment gains related to bonds was due mainly to an increase in gains on sales of bonds in the fiscal year ended March 31, 2015 as a result of a decline in long-term interest rates. The decrease in investment gains related to equity securities was due mainly to a decrease in gains on sales of investment account equity securities in the fiscal year ended March 31, 2015.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Noninterest income decreased by ¥356 billion, or 24.7%, from the previous fiscal year to ¥1,083 billion in the fiscal year ended March 31, 2014. The decrease was due mainly to trading account losses net of ¥60 billion compared to trading account gains net of ¥534 billion in the previous fiscal year, offset in part by an increase in investment gains net of ¥145 billion and an increase in fee and commission income of ¥63 billion.

Fee and commission

Fee and commission increased by ¥63 billion, or 10.3%, from the previous fiscal year to ¥676 billion in the fiscal year ended March 31, 2014. The increase was due mainly to an increase in fee and commission from securities-related business of ¥37 billion and an increase in fees for other customer services of ¥19 billion. The increase in fee and commission from securities-related business was due mainly to an increase in fee and commission related to investment trusts and individual annuities as a result of the upturn in domestic stock markets during the fiscal year ended March 31, 2014 compared to the previous fiscal year.

Trading account gains (losses) net

Trading account gains (losses) net was a loss of ¥60 billion in the fiscal year ended March 31, 2014 compared to a gain of ¥534 billion in the previous fiscal year. The change was due mainly to an increase in losses related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected, reflecting a rise in long-term interest rates, and an increase in losses related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risks, that are not eligible for hedge accounting under U.S. GAAP. For further information on the fair value option, see note 27 to our consolidated financial statements included elsewhere in this annual report.

Investment gains (losses) net

Investment gains net increased by ¥115 billion, or 93.5%, from the previous fiscal year to ¥238 billion in the fiscal year ended March 31, 2014. The increase was due mainly to an increase in investment gains related to equity securities of ¥119 billion, offset in part by a decrease in investment gains related to bonds of ¥31 billion. The increase in investment gains related to equity securities was due mainly to a decrease in impairment losses on equity securities and an increase in gains on sales of equity securities, both of which were results of an upturn in domestic stock market conditions during the fiscal year ended March 31, 2014. The decrease in investment gains related to bonds was due mainly to a decrease in gains on sales of bonds in the fiscal year ended March 31, 2014, which reflected a rise in long-term interest rates of the yen and certain other major currencies during the fiscal year ended March 31, 2014 compared to the previous fiscal year.

Noninterest Expenses

The following table shows a breakdown of noninterest expenses for the fiscal years ended March 31, 2013, 2014 and 2015:

	Fiscal years ended March 31,		
	2013	2014	2015
	(in billions of yen)		
Salaries and employee benefits	¥ 572	¥ 587	¥ 605
General and administrative expenses	440	487	530
Impairment of goodwill		4	
Occupancy expenses	172	172	189
Fee and commission expenses	109	122	134
Provision (credit) for losses on off-balance-sheet instruments	5	12	(3)
Other noninterest expenses	127	120	184
Total noninterest expenses	¥ 1,425	¥ 1,504	¥ 1,639

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Noninterest expenses increased by ¥135 billion, or 9.0%, from the previous fiscal year to ¥1,639 billion in the fiscal year ended March 31, 2015. The increase was due mainly to an increase in general and administrative expenses of ¥43 billion, an increase in salaries and employee benefit expenses of ¥18 billion and an increase in occupancy expenses of ¥17 billion.

Salaries and employee benefits

Salaries and employee benefits increased by ¥18 billion, or 3.1%, from the previous fiscal year to ¥605 billion in the fiscal year ended March 31, 2015 due mainly to an increase in personnel expenses, offset in part by a decrease in employee retirement benefit expenses. The increase in personnel expenses was due mainly to an increase in overseas personnel expenses, which partly reflected the depreciation of the yen against other major currencies. The decrease in employee retirement benefit expenses was due mainly to a decrease in interest costs on projected benefit obligation, which primarily reflects past decline in discount rate and a decrease in the amortization of net actuarial loss, which primarily reflects past recoveries of the fair value of plan assets. Additional information regarding pension and other employee benefit plans is included in note 20 to our consolidated financial statements included elsewhere in this annual report.

General and administrative expenses

General and administrative expenses increased by ¥43 billion, or 8.8%, from the previous fiscal year to ¥530 billion in the fiscal year ended March 31, 2015. The increase was due mainly to increases in domestic consumption tax, reflecting the rise in the consumption tax rate, IT-related costs and advertising expenses.

Occupancy expenses

Occupancy expenses increased by ¥17 billion, or 9.9%, from the previous fiscal year to ¥189 billion in the fiscal year ended March 31, 2015. The increase was due mainly to increases in rent expenses and depreciation expenses of tangible fixed assets.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Noninterest expenses increased by ¥79 billion, or 5.5%, from the previous fiscal year to ¥1,504 billion in the fiscal year ended March 31, 2014. The increase was due mainly to an increase in general and administrative expenses of ¥47 billion and an increase in salaries and employee benefits of ¥15 billion.

Salaries and employee benefits

Salaries and employee benefits increased by ¥15 billion, or 2.6%, from the previous fiscal year to ¥587 billion in the fiscal year ended March 31, 2014. The increase was due mainly to an increase in overseas personnel expenses, offset in part by the effects of decreased employee retirement benefit expenses as a result of a decrease in the amortization of net actuarial loss, which primarily reflects past recoveries of the fair value of plan assets and an increase in expected return on plan assets, which reflects various aspects of long-term prospects for the economy, historical performance of investments of plan assets and the market environment, including stock market conditions, at the beginning of the fiscal year. Additional information regarding pension and other employee benefit plans is included in note 20 to our consolidated financial statements included elsewhere in this annual report.

General and administrative expenses

General and administrative expenses increased by ¥47 billion, or 10.7%, from the previous fiscal year to ¥487 billion in the fiscal year ended March 31, 2014. The increase was due mainly to an increase in IT-related costs as a result of the commencement of depreciation relating to the common operational infrastructure of the new IT systems platform, as well as an increase in overseas and advertising expenses.

Table of Contents

Income Tax Expense

The following table shows the components of income tax expense (benefit) for the fiscal years ended March 31, 2013, 2014 and 2015:

	Fiscal years ended March 31,		
	2013	2014	2015
	(in billions of yen)		
Current:			
Domestic	¥ 37	¥ 93	¥ 184
Foreign	11	43	72
Total current tax expense	48	136	256
Deferred:			
Domestic	(40)	95	187
Foreign	(4)	(5)	(5)
Total deferred tax expense (benefit)	(44)	90	182
Total income tax expense	¥ 4	¥ 226	¥ 438

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Income tax expense increased by ¥212 billion from the previous fiscal year to ¥438 billion in the fiscal year ended March 31, 2015, due to an increase in current tax expense of ¥120 billion and an increase in deferred tax expense of ¥92 billion. The increase in current tax expense was due mainly to an increase in the taxable income of a principal banking subsidiary. The increase in deferred tax expense was due mainly to accelerated decreases in the temporary differences of our subsidiaries, offset in part by a benefit caused by tax rate reductions.

We consider the sales of available-for-sale securities to be a qualifying tax-planning strategy that is possible source of future taxable income to the extent necessary in the future mainly with respect to our principal banking subsidiaries in Japan. Our principal banking subsidiaries in Japan reduced the reliance on this tax-planning strategy from approximately one-fifth to immaterial levels of overall deferred tax assets during the fiscal year ended March 31, 2015, due mainly to the aforementioned decreases in the temporary differences of our subsidiaries, while the reliance was reduced from approximately one-third to approximately one-fifth of overall deferred tax assets during the fiscal year ended March 31, 2014.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Income tax expense increased by ¥222 billion from the previous fiscal year to ¥226 billion in the fiscal year ended March 31, 2014 due mainly to deferred tax expense of ¥90 billion compared to deferred tax benefit of ¥44 billion in the previous fiscal year and an increase in current tax expense of ¥88 billion.

We consider the sales of available-for-sale securities to be a qualifying tax-planning strategy that is possible source of future taxable income to the extent necessary in the future mainly with respect to our principal banking subsidiaries in Japan. In the fiscal year ended March 31, 2013, deferred tax assets, net of valuation allowance, increased with a corresponding net deferred tax benefit that resulted from the significant increase in net unrealized gains on available-for-sale securities which led to a reduction of valuation allowance for our principal banking subsidiaries in Japan. In the fiscal year ended March 31, 2014, deferred tax assets, net of valuation allowance, decreased with a corresponding net deferred tax expense. With regard to our principal banking subsidiaries in Japan, this overall deferred tax impact was the result of deferred tax expense arising from the decrease in gross deductible temporary differences in excess of the deferred tax benefit arising from the release of valuation allowance. In turn, this valuation allowance release was caused by the combined impact of a decrease in gross deductible temporary differences and a further increase in net unrealized gains on available-for-sale securities. Our principal banking subsidiaries in Japan reduced the reliance on this tax-planning strategy

Table of Contents

from approximately one-third to approximately one-fifth of overall deferred tax assets during the fiscal year ended March 31, 2014, while there was no significant change in such reliance during the fiscal year ended March 31, 2013. The increase in current tax expense was due mainly to an increase in the taxable income of a principal banking subsidiary.

The following table shows components of deferred tax assets (liabilities) as of March 31, 2013, 2014 and 2015:

	As of March 31,		
	2013	2014	2015
	(in billions of yen)		
Deferred tax assets:			
Investments	¥ 889	¥ 724	¥ 576
Allowance for loan losses	337	267	225
Derivative financial instruments		29	9
Net operating loss carryforwards	450	449	392
Trading account assets		20	
Other	265	204	198
Gross deferred tax assets	1,941	1,693	1,400
Valuation allowance	(585)	(444)	(389)
Deferred tax assets, net of valuation allowance	1,356	1,249	1,011
Deferred tax liabilities:			
Available-for-sale securities	568	659	910
Prepaid pension cost and accrued pension liabilities	40	133	218
Derivative financial instruments	35		
Trading account assets	11		39
Undistributed earnings of subsidiaries	11	12	28
Premises and equipment	12	11	3
Other	52	62	49
Gross deferred tax liabilities	729	877	1,247
Net deferred tax assets (liabilities)	¥ 627	¥ 372	¥ (236)

Net Income (Loss) Attributable to Noncontrolling Interests

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

Net income (loss) attributable to noncontrolling interests increased by ¥25 billion from the previous fiscal year to ¥27 billion in the fiscal year ended March 31, 2015.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

Net income (loss) attributable to noncontrolling interests decreased by ¥4 billion, or 66.7%, from the previous fiscal year to ¥2 billion in the fiscal year ended March 31, 2014.

Net Income Attributable to MHFG Shareholders

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

As a result of the foregoing, net income attributable to MHFG shareholders increased by ¥305 billion, or 61.2%, from the previous fiscal year to ¥803 billion in the fiscal year ended March 31, 2015.

Table of Contents

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

As a result of the foregoing, net income attributable to MHFG shareholders decreased by ¥377 billion, or 43.1%, from the previous fiscal year to ¥498 billion in the fiscal year ended March 31, 2014.

Business Segments Analysis

Our operating segments are based on the nature of the products and services provided, the type of customer and our management organization. The business segment information set forth below is derived from the internal management reporting systems used by management to measure the performance of our business segments. We measure the performance of each of our operating segments primarily in terms of net business profits in accordance with internal managerial accounting rules and practices. Net business profits is used in Japan as a measure of the profitability of core banking operations and is defined as gross profits (or the sum of net interest income, fiduciary income, net fee and commission income, net trading income and net other operating income) less general and administrative expenses. Measurement of net business profits is required for regulatory reporting to the Financial Services Agency. Therefore, the format and information are presented primarily on the basis of Japanese GAAP and are not consistent with the consolidated financial statements prepared in accordance with U.S. GAAP. A reconciliation of total net business profits with income before income tax expense under U.S. GAAP is provided in note 30 to our consolidated financial statements included elsewhere in this annual report.

We engage in banking, trust banking, securities and other businesses through consolidated subsidiaries and affiliates. As these subsidiaries and affiliates are in different industries and regulatory environments, we disclose business segment information based on the relevant principal consolidated subsidiaries such as Mizuho Bank (the former Mizuho Bank and the former Mizuho Corporate Bank), Mizuho Trust & Banking and Mizuho Securities for investors to measure the present and future cash flows properly.

The operating segments of Mizuho Bank are aggregated based on the type of customer characteristics and are aggregated into the following seven reportable segments: Personal Banking; Retail Banking; Corporate Banking (Large Corporations); Corporate Banking; Financial Institutions & Public Sector Business; International Banking; and Trading and others.

For a brief description of our each business segment, see note 30 to our consolidated financial statements included elsewhere in this annual report.

Table of Contents

Results of Operations by Business Segment

Consolidated Results of Operations

Consolidated gross profits for the fiscal year ended March 31, 2015 were ¥2,247.7 billion, an increase of ¥212.4 billion compared to the fiscal year ended March 31, 2014. Consolidated general and administrative expenses for the fiscal year ended March 31, 2015 were ¥1,321.2 billion, an increase of ¥91.9 billion compared to the fiscal year ended March 31, 2014. Consolidated net business profits for the fiscal year ended March 31, 2015 were ¥876.9 billion, an increase of ¥132.6 billion compared to the fiscal year ended March 31, 2014.

	The former Mizuho Bank (Consolidated)								Others
		The former Mizuho Bank (Non-consolidated)							
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institution & Public Sector Business (e)	Trading and others (f)	(g)
	(in billions of yen)								
Fiscal year ended March 31, 2013[(1)(2)(4)]									
Gross profits:									
Net interest income (expense)	¥ 550.6	¥ 513.8	¥ 219.2	¥ 83.3	¥ 14.9	¥ 106.1	¥ 19.9	¥ 70.4	¥ 36.8
Net noninterest income	360.3	313.7	33.9	42.3	19.3	70.7	11.0	136.5	46.6
Total	910.9	827.5	253.1	125.6	34.2	176.8	30.9	206.9	83.4
General and administrative expenses	568.2	524.4	218.6	113.7	11.6	73.2	14.3	93.0	43.8
Others	(7.4)								(7.4)
Net business profits (losses)	¥ 335.3	¥ 303.1	¥ 34.5	¥ 11.9	¥ 22.6	¥ 103.6	¥ 16.6	¥ 113.9	¥ 32.2

	The former Mizuho Corporate Bank (Consolidated)									Mizuho Trust & Banking (Consolidated)	Others	Mizuho Financial Group (Consolidated)
		The former Mizuho Corporate Bank (Non-consolidated)						Mizuho Securities (Consolidated)	Others			
	Total	Total	Corporate Banking (Large Corporations) (h)	Corporate Banking (i)	Financial Institution & Public Sector Business (j)	Inter-national Banking (k)	Trading and others (l)	(m)	(n)	(o)	(p)	Total
	(in billions of yen)											
Fiscal year ended March 31, 2013[(1)(2)(4)]												
Gross profits:												
Net interest income (expense)	¥ 486.1	¥ 401.7	¥ 140.9	¥ 0.5	¥ 16.3	¥ 108.2	¥ 135.8	¥ (1.8)	¥ 86.2	¥ 39.5	¥ (0.3)	¥ 1,075.9
Net noninterest income	572.8	333.4	103.3	0.2	13.2	104.7	112.0	229.0	10.4	105.0	57.7	1,095.8
Total	1,058.9	735.1	244.2	0.7	29.5	212.9	247.8	227.2	96.6	144.5	57.4	2,171.7
General and administrative expenses	471.9	241.1	76.8	1.3	12.2	66.6	84.2	197.1	33.7	90.1	40.8	1,171.0
Others	(50.0)								(50.0)	(3.5)	(27.6)	(88.5)

Net business profits (losses)	¥ 537.0	¥ 494.0	¥ 167.4	¥ (0.6)	¥ 17.3	¥ 146.3	¥ 163.6	¥ 30.1	¥ 12.9	¥ 50.9	¥ (11.0)	¥ 912.2

Table of Contents

	Mizuho Bank (Consolidated)										Mizuho Trust & Banking (Consolidated)	Mizuho Securities (Consolidated)	Others	Mizuho Financial Group (Consolidated)
		Mizuho Bank (Non-consolidated)								Others				
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institution & Public Sector Business (e)	Inter-national Banking (f)	Trading and others (g)	(h)	(i)	(j)	(k)	Total
							(in billions of yen)							
Fiscal year ended March 31, 2014(1)(2)(3)(4)														
Gross profits:														
Net interest income	¥ 933.8	¥ 800.1	¥ 164.6	¥ 60.4	¥ 170.7	¥ 77.3	¥ 30.7	¥ 128.9	¥ 167.5	¥ 133.7	¥ 40.2	¥ 2.9	¥ 131.4	¥ 1,108.3
Net noninterest income (expenses)	407.4	398.2	31.6	38.0	135.4	55.8	21.7	139.8	(24.1)	9.2	108.1	283.9	127.6	927.0
Total	1,341.2	1,198.3	196.2	98.4	306.1	133.1	52.4	268.7	143.4	142.9	148.3	286.8	259.0	2,035.3
General and administrative expenses	711.3	659.0	171.3	87.8	83.8	58.8	25.1	82.5	149.7	52.3	90.9	246.2	180.9	1,229.3
Others	(56.1)									(56.1)	(2.9)		(2.7)	(61.7)
Net business profits (losses)	¥ 573.8	¥ 539.3	¥ 24.9	¥ 10.6	¥ 222.3	¥ 74.3	¥ 27.3	¥ 186.2	¥ (6.3)	¥ 34.5	¥ 54.5	¥ 40.6	¥ 75.4	¥ 744.3

	Mizuho Bank (Consolidated)										Mizuho Trust & Banking (Consolidated)	Mizuho Securities (Consolidated)	Others	Mizuho Financial Group (Consolidated)
		Mizuho Bank (Non-consolidated)								Others				
	Total	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institution & Public Sector Business (e)	Inter-national Banking (f)	Trading and others (g)	(h)	(i)	(j)	(k)	Total
							(in billions of yen)							
Fiscal year ended March 31, 2015(1)(2)(4)														
Gross profits:														
Net interest income	¥ 1,087.3	¥ 934.9	¥ 217.5	¥ 78.4	¥ 179.4	¥ 100.5	¥ 33.5	¥ 141.9	¥ 183.7	¥ 152.4	¥ 39.4	¥ 1.8	¥ 0.9	¥ 1,129.4
Net noninterest income	598.4	560.6	49.8	53.3	127.8	79.4	27.3	170.1	52.9	37.8	122.6	335.8	61.5	1,118.3
Total	1,685.7	1,495.5	267.3	131.7	307.2	179.9	60.8	312.0	236.6	190.2	162.0	337.6	62.4	2,247.7
General and administrative expenses	904.7	833.7	233.5	118.4	94.4	76.5	30.3	92.6	188.0	71.0	94.5	268.0	54.0	1,321.2
Others	(43.2)									(43.2)	(3.7)		(2.7)	(49.6)

Net business profits	¥ 737.8	¥ 661.8	¥ 33.8	¥ 13.3	¥ 212.8	¥ 103.4	¥ 30.5	¥ 219.4	¥ 48.6	¥ 76.0	¥ 63.8	¥ 69.6	¥ 5.7	¥ 876.9

Notes:

(1) As for the fiscal year ended March 31, 2013, Others (g), Others (n) and Others (p) include the elimination of transactions between consolidated subsidiaries. As for the fiscal years ended March 31, 2014 and 2015, Others (h) and Others (k) include the elimination of transactions between consolidated subsidiaries.

(2) Beginning on April 1, 2013, we moved to a new group operational structure and realigned the reportable segments to reflect the new organizational structure. Beginning on April 1, 2014, new allocation methods have been applied to the calculation of Gross profits and General and administrative expenses for reportable segments of Mizuho Bank. Figures for the fiscal year ended March 31, 2014 have been reclassified under the new allocation methods. The effect of the change of allocation methods is not significant.

(3) As for the fiscal year ended March 31, 2014, Mizuho Bank (Non-consolidated) represents the sum of the performance of the former Mizuho Corporate Bank for the first quarter and the new Mizuho Bank for the second, third and fourth quarters, while Others (h) includes the performance of the former Mizuho Bank for the first quarter, in light of the merger of the former Mizuho Bank and the former Mizuho Corporate Bank conducted in July 2013.

(4) Beginning on April 1, 2013, Mizuho Securities was turned into a directly-held subsidiary of Mizuho Financial Group. As for the fiscal year ended March 31, 2013, Mizuho Securities (Consolidated) (m) represents the performance of the former Mizuho Securities for the first three quarters and the new Mizuho Securities for the fourth quarter, while Others (g) includes the performance of the former Mizuho Investors Securities for the first three quarters. As for the fiscal years ended March 31, 2014 and 2015, Mizuho Securities (Consolidated) (j) represents the performance of the new Mizuho Securities, in light of the merger of the former Mizuho Securities and the former Mizuho Investors Securities conducted in January 2013.

Table of Contents

Mizuho Bank

On July 1, 2013, the merger between the former Mizuho Bank and the former Mizuho Corporate Bank came into effect with the former Mizuho Corporate Bank as the surviving entity, which was renamed Mizuho Bank upon the merger. For the fiscal year ended March 31, 2015 compared to the fiscal year ended March 31, 2014, the following comparison is based on the results of Mizuho Bank (on a non-consolidated basis) and the simple aggregation of the results of the former Mizuho Bank and the former Mizuho Corporate Bank (each on a non-consolidated basis) with respect to periods prior to the merger. Otherwise, for the fiscal year ended March 31, 2014 compared to the fiscal year ended March 31, 2013, the following table and comparison are based on the simple aggregation of the results of the former Mizuho Bank and the former Mizuho Corporate Bank with respect to periods prior to the merger.

	The former Mizuho Bank and the former Mizuho Corporate Bank							
	Total	Personal Banking (a)	Retail Banking (b)	Corporate Banking (Large Corporations) (c)	Corporate Banking (d)	Financial Institution & Public Sector Business (e)	International Banking (f)	Trading and others (g)
	(in billions of yen)							
Fiscal year ended March 31, 2013(1)(2):								
Gross profits:								
Net interest income	¥ 915.5	¥ 219.2	¥ 83.3	¥ 155.8	¥ 106.6	¥ 36.2	¥ 108.2	¥ 206.2
Net noninterest income	647.1	33.9	42.3	122.6	70.9	24.2	104.7	248.5
Total	1,562.6	253.1	125.6	278.4	177.5	60.4	212.9	454.7
General and administrative expenses	765.5	218.6	113.7	88.4	74.5	26.5	66.6	177.2
Others								
Net business profits	¥ 797.1	¥ 34.5	¥ 11.9	¥ 190.0	¥ 103.0	¥ 33.9	¥ 146.3	¥ 277.5
Fiscal year ended March 31, 2014(1)(2):								
Gross profits:								
Net interest income	¥ 923.8	¥ 218.0	¥ 80.7	¥ 173.3	¥ 102.5	¥ 35.5	¥ 128.9	¥ 184.9
Net noninterest income (expense)	460.3	39.8	49.8	140.4	70.1	24.1	139.8	(3.7)
Total	1,384.1	257.8	130.5	313.7	172.6	59.6	268.7	181.2
General and administrative expenses	791.1	226.4	116.7	87.2	77.7	29.0	82.5	171.6
Others								
Net business profits	¥ 593.0	¥ 31.4	¥ 13.8	¥ 226.5	¥ 94.9	¥ 30.6	¥ 186.2	¥ 9.6

Notes:

(1) The former Mizuho Bank and the former Mizuho Corporate Bank merged on July 1, 2013. Figures for the fiscal year ended March 31, 2013 represent the simple aggregation of the performance of the former Mizuho Bank and the former Mizuho Corporate Bank, and figures for the fiscal year ended March 31, 2014 represent the simple aggregation of the performance of the former Mizuho Bank and the former Mizuho Corporate Bank for the first quarter and the new Mizuho Bank for the second, third and fourth quarters.

(2) Beginning on April 1, 2013, we moved to a new group operational structure and realigned the reportable segments to reflect the new organizational structure. Beginning on April 1, 2014, new allocation methods have been applied to the calculation of Gross profits and General and administrative expenses for reportable segments of Mizuho Bank. Figures for the fiscal year ended March 31, 2014 have been reclassified under the new allocation methods. The narrative analysis under the heading Fiscal year ended March 31, 2014 compared to fiscal year ended March 31, 2013 below is based on figures prior to such change.

78

Table of Contents

Fiscal year ended March 31, 2015 compared to fiscal year ended March 31, 2014

Gross profits for the fiscal year ended March 31, 2015 were ¥1,495.5 billion, an increase of ¥111.4 billion, or 8.0%, compared to the fiscal year ended March 31, 2014. The increase was attributable mainly to an increase in gross profits related to our customer groups resulting from an increase in sales of investment trusts in personal banking, an increase in income mainly in the Americas in international banking and an increase in trading and others.

General and administrative expenses for the fiscal year ended March 31, 2015 increased by ¥42.6 billion, or 5.4%, compared to the fiscal year ended March 31, 2014 to ¥833.7 billion. The increase was attributable mainly to the April 2014 consumption tax increase and the depreciation of the yen against the dollar and other major currencies, which increased the yen-equivalent costs related to our overseas operations, offset in part by our group-wide cost reduction efforts, including our cost restructuring measures.

As a result, net business profits for the fiscal year ended March 31, 2015 increased by ¥68.8 billion, or 11.6%, compared to the fiscal year ended March 31, 2014 to ¥661.8 billion.

Fiscal year ended March 31, 2014 compared to fiscal year ended March 31, 2013

Gross profits for the fiscal year ended March 31, 2014 were ¥1,384.1 billion, a decrease of ¥178.5 billion, or 11.4%, compared to the fiscal year ended March 31, 2013. The decrease was attributable mainly to a decrease in income from trading and others due mainly to the particularly strong results in the previous fiscal year. This decrease was offset in part by increases in gross profits related to our customer groups attributable to an increase in income mainly in Asia in international banking, an increase in solution business-related income in corporate banking (large corporations) and an increase in sales of investment trusts in personal banking.

General and administrative expenses for the fiscal year ended March 31, 2014 increased by ¥25.6 billion, or 3.3%, compared to the fiscal year ended March 31, 2013 to ¥791.1 billion due mainly to expenses related to the next-generation IT systems and the depreciation of the yen against the dollar and other major currencies, which increased the yen-equivalent costs related to our overseas operations, offset in part by our group-wide cost reduction efforts, including our cost restructuring measures.

As a result mainly of the foregoing, net business profits for the fiscal year ended March 31, 2014 decreased by ¥204.1 billion, or 25.6%, compared to the fiscal year ended March 31, 2013 to ¥593.0 billion.

Mizuho Trust & Banking

Fiscal year ended March 31, 2015 compared to fiscal year ended March 31, 2014

Gross profits for the fiscal year ended March 31, 2015 were ¥162.0 billion, an increase of ¥13.7 billion, or 9.2%, compared to the fiscal year ended March 31, 2014. The increase was attributable mainly to an increase in noninterest income related to real estate businesses and pension and asset management reflecting the recovery in market conditions.

General and administrative expenses for the fiscal year ended March 31, 2015 increased by ¥3.6 billion, or 4.0%, compared to the fiscal year ended March 31, 2014 to ¥94.5 billion. The increase reflected income growth and the depreciation of the yen against the dollar and other major currencies, which increased the yen-equivalent costs related to our overseas operations.

As a result mainly of the foregoing, net business profits for the fiscal year ended March 31, 2015 increased by ¥9.3 billion, or 17.1%, compared to the fiscal year ended March 31, 2014 to ¥63.8 billion.

Table of Contents

Fiscal year ended March 31, 2014 compared to fiscal year ended March 31, 2013

Gross profits for Mizuho Trust & Banking for the fiscal year ended March 31, 2014 were ¥148.3 billion, an increase of ¥3.8 billion, or 2.6%, compared to the fiscal year ended March 31, 2013. The increase was attributable mainly to an increase in noninterest income related to pension and asset management and real estate businesses reflecting the recovery in market conditions.

General and administrative expenses for Mizuho Trust & Banking for the fiscal year ended March 31, 2014 increased by ¥0.8 billion, or 0.9%, compared to the fiscal year ended March 31, 2013 to ¥90.9 billion. We were able to maintain expense levels similar to the previous fiscal year due mainly to our group-wide cost reduction efforts.

As a result, net business profits for Mizuho Trust & Banking for the fiscal year ended March 31, 2014 increased by ¥3.6 billion, or 7.1%, compared to the fiscal year ended March 31, 2013 to ¥54.5 billion.

Mizuho Securities

Fiscal year ended March 31, 2015 compared to fiscal year ended March 31, 2014

Gross profits for the fiscal year ended March 31, 2015 were ¥337.6 billion, an increase of ¥50.8 billion, or 17.7%, compared to the fiscal year ended March 31, 2014. The increase was attributable mainly to an increase in trading income and fee and commission income related to underwriting and selling of bonds.

General and administrative expenses for the fiscal year ended March 31, 2015 increased by ¥21.8 billion, or 8.9%, compared to the fiscal year ended March 31, 2014 to ¥268.0 billion. The increase was due mainly to an increase in personnel expenses reflecting the favorable operating results and the depreciation of the yen against the dollar and other major currencies, which increased the yen-equivalent costs related to our overseas operations.

As a result, net business profits for the fiscal year ended March 31, 2015 increased by ¥29.0 billion, or 71.4%, compared to the fiscal year ended March 31, 2014 to ¥69.6 billion.

Fiscal year ended March 31, 2014 compared to fiscal year ended March 31, 2013

Gross profits for Mizuho Securities for the fiscal year ended March 31, 2014 were ¥286.8 billion, an increase of ¥59.6 billion, or 26.2%, compared to the fiscal year ended March 31, 2013. The increase was attributable mainly to the impact of the merger with Mizuho Investors Securities as well as an increase in equity brokerage commissions and income related to investment trusts reflecting the recovery in market conditions.

General and administrative expenses for Mizuho Securities for the fiscal year ended March 31, 2014 increased by ¥49.1 billion, or 24.9%, compared to the fiscal year ended March 31, 2013 to ¥246.2 billion. The increase was due mainly to the impact of the merger with Mizuho Investors Securities in January 2013 as well as an increase in personnel expenses reflecting the recovery in operating results.

As a result, net business profits for Mizuho Securities for the fiscal year ended March 31, 2014 increased by ¥10.5 billion, or 34.9%, compared to the fiscal year ended March 31, 2013 to ¥40.6 billion.

Table of Contents

Geographical Segment Analysis

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

	Japan	Americas: United States	Americas: Others	Europe	Asia/Oceania excluding Japan, and others	Total
	(in billions of yen)					
Fiscal year ended March 31, 2013:						
Total revenue(1)	¥ 2,191	¥ 296	¥ 88	¥ 126	¥ 162	¥ 2,863
Total expenses(2)	1,669	133	8	48	120	1,978
Income before income tax expense	522	163	80	78	42	885
Net income	¥ 525	¥ 171	¥ 81	¥ 75	¥ 29	¥ 881
Total assets at end of fiscal year	¥ 126,769	¥ 28,041	¥ 3,128	¥ 10,591	¥ 10,218	¥ 178,747
Fiscal year ended March 31, 2014:						
Total revenue(1)	¥ 1,783	¥ 274	¥ 76	¥ 153	¥ 219	¥ 2,505
Total expenses(2)	1,397	129	16	96	141	1,779
Income before income tax expense	386	145	60	57	78	726
Net income	¥ 198	¥ 130	¥ 60	¥ 54	¥ 58	¥ 500
Total assets at end of fiscal year	¥ 124,558	¥ 24,015	¥ 3,513	¥ 10,784	¥ 12,829	¥ 175,699
Fiscal year ended March 31, 2015:						
Total revenue(1)	¥ 2,397	¥ 324	¥ 102	¥ 212	¥ 224	¥ 3,259
Total expenses(2)	1,460	211	24	134	162	1,991
Income before income tax expense	937	113	78	78	62	1,268
Net income	¥ 566	¥ 80	¥ 76	¥ 74	¥ 34	¥ 830
Total assets at end of fiscal year	¥ 127,473	¥ 31,075	¥ 4,871	¥ 10,881	¥ 15,820	¥ 190,120

Notes:

(1) Total revenue includes interest and dividend income and noninterest income.
(2) Total expenses include interest expense, provision (credit) for loan losses and noninterest expenses.

Fiscal Year Ended March 31, 2015 Compared to Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2015, 68.2% of our net income was derived from Japan, 9.6% from the United States, 9.2% from the Americas excluding the United States, 8.9% from Europe and 4.1% from Asia/Oceania excluding Japan, and others. At March 31, 2015, 67.1% of total assets were allocated to Japan, 16.3% to the United States, 2.6% to the Americas excluding the United States, 5.7% to Europe and 8.3% to Asia/Oceania excluding Japan, and others.

In Japan, total revenue increased by ¥614 billion from the previous fiscal year due primarily to the change from trading account losses net in the previous fiscal year to trading account gains net in the fiscal year ended March 31, 2015, offset in part by a decrease in interest and dividend income. The change in trading account gains (losses) net was due mainly to an increase in gains related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected, reflecting a decline in long-term interest rates, and an increase in gains related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risks, that are not eligible for hedge accounting under

Table of Contents

U.S. GAAP. The decrease in interest and dividend income was due mainly to a decrease in interest income from domestic loans and investments, which in turn was due mainly to a decrease in the average yields, reflecting a decline in interest rate levels of yen. Total expenses increased by ¥63 billion from the previous fiscal year due to an increase in general and administrative expenses and a decrease in credit for loan losses. The increase in general and administrative expenses was due mainly to increases in domestic consumption tax, reflecting the rise in the consumption tax rate, as well as increases in IT-related costs and advertising expenses. Credit for loan losses decreased due primarily to an increase in allowance for loan losses on impaired loans related to certain domestic borrowers, although we continued to record a credit for loan losses and recorded a decrease in allowance for loan losses on non-impaired loans as a result of upgrades in the obligor categories of a broad range of borrowers, reflecting the continuing gradual recovery of the Japanese economy. In addition, income tax expense increased by ¥183 billion from the previous fiscal year to ¥371 billion in the fiscal year ended March 31, 2015. As a result, net income in Japan increased by ¥368 billion. Total assets in Japan increased by ¥2,915 billion due primarily to an increase in interest-bearing deposits in other banks, offset in part by a decrease in investment securities.

In the United States, total revenue increased by ¥50 billion due primarily to increases in interest and dividend income, and fee and commission. The increase in interest and dividend income was due mainly to an increase in interest income from loans, which in turn was due mainly to an increase in the average balance. The increase in fee and commission was due mainly to an increase in fees related to loan related business which was due to our increased involvement in large transactions. Total expenses increased by ¥82 billion due mainly to increases in provision for loan losses and salaries and employee benefits. As a result, net income in the United States decreased by ¥50 billion. Total assets in the United States increased by ¥7,060 billion due primarily to an increase in loans.

In the Americas excluding the United States, total revenue increased by ¥26 billion due primarily to an increase in trading account gains (losses) net. Total expenses increased by ¥8 billion due mainly to an increase in noninterest expenses. As a result, net income in the Americas excluding the United States increased by ¥16 billion. Total assets in the Americas excluding the United States increased by ¥1,358 billion due primarily to an increase in trading account assets.

In Europe, total revenue increased by ¥59 billion due primarily to increases in investment gains (losses) net and trading account gains (losses) net, offset in part by a decrease in interest income from loans. Total expenses increased by ¥38 billion due mainly to increases in provision for loan losses and other noninterest expenses. As a result, net income in Europe increased by ¥20 billion. Total assets in Europe increased by ¥97 billion due primarily to an increase in loans, offset in part by a decrease in trading account assets.

In Asia/Oceania excluding Japan, and others, total revenue increased by ¥5 billion due primarily to an increase in interest income from loans, offset in part by a decrease in other noninterest income. Total expenses increased by ¥21 billion due mainly to increases in interest expense on interest-bearing deposits, and salaries and employee benefits. As a result, net income in Asia/Oceania excluding Japan, and others decreased by ¥24 billion. Total assets in Asia/Oceania excluding Japan, and others increased by ¥2,991 billion due primarily to an increase in loans.

Fiscal Year Ended March 31, 2014 Compared to Fiscal Year Ended March 31, 2013

In the fiscal year ended March 31, 2014, 39.6% of our net income was derived from Japan, 26.0% from the United States, 12.0% from the Americas excluding the United States, 10.8% from Europe and 11.6% from Asia/Oceania excluding Japan, and others. At March 31, 2014, 70.9% of total assets were allocated to Japan, 13.7% to the United States, 2.0% to the Americas excluding the United States, 6.1% to Europe and 7.3% to Asia/Oceania excluding Japan, and others.

In Japan, total revenue decreased by ¥408 billion from the previous fiscal year due mainly to the change from trading account gains net in the previous fiscal year to trading account losses net in the fiscal year ended March 31, 2014, offset in part by an increase in investment gains net. The change in trading account gains (losses) net was due mainly to an increase in losses related to changes in the fair value of foreign currency-denominated available-for-sale securities for which the fair value option was elected, reflecting a rise in long-term interest rates, and an increase in losses related to changes in the fair value of derivative financial instruments used to hedge market risks, mainly interest rate risks, that are not eligible for hedge accounting under U.S. GAAP. The increase in investment gains net was due mainly to a decrease in impairment losses on equity securities and an increase in gains on sales of equity securities, both of which were results of an upturn in domestic stock market conditions during the fiscal year ended March 31, 2014. Total expenses decreased by ¥272 billion from the previous fiscal year due to the change from provision for loan losses in the previous fiscal year to credit for loan losses in the fiscal year ended March 31, 2014. The change in provision (credit) for loan losses was due primarily to a decrease in allowance for loan losses on impaired loans as a result of upgrades and collections related to some borrowers and allowance for loan losses on non-impaired loans reflecting upgrades in the obligor categories of a broad range of borrowers mainly through our credit management activities, including business revitalization support for borrowers, reflecting the continuing gradual recovery of the Japanese economy. In addition, we had an income tax expense of ¥188 billion in the fiscal year ended March 31, 2014 compared to an income tax benefit of ¥3 billion in the previous fiscal year. As a result, net income in Japan decreased by ¥327 billion. Total assets in Japan decreased by ¥2,211 billion due primarily to decreases in investments and trading account assets, offset in part by an increase in interest-bearing deposits in other banks.

In the United States, total revenue decreased by ¥22 billion due primarily to decreases in interest income on reverse repo and other noninterest income, offset in part by an increase in interest income from loans. Total expenses decreased by ¥4 billion due primarily to a decrease in interest expenses on repo, offset in part by an increase in noninterest expenses. As a result, net income in the United States decreased by ¥41 billion. Total assets in the United States decreased by ¥4,026 billion due primarily to a decrease in trading account assets.

In the Americas excluding the United States, total revenue decreased by ¥12 billion due primarily to decreases in trading account gains (losses) net and investment gains (losses) net. Total expenses increased by ¥8 billion due mainly to increases in provision for loan losses and interest expenses on deposits. As a result, net income in the Americas excluding the United States decreased by ¥21 billion. Total assets in the Americas excluding the United States increased by ¥385 billion due primarily to increases in loans and trading account assets.

In Europe, total revenue increased by ¥27 billion due primarily to an increase in interest income from loans. Total expenses increased by ¥48 billion due mainly to a decrease in credit for loan losses. As a result, net income in Europe decreased by ¥21 billion. Total assets in Europe increased by ¥193 billion due primarily to an increase in trading account assets.

In Asia/Oceania excluding Japan, and others, total revenue increased by ¥57 billion due primarily to an increase in interest income from loans. The increase in interest income from loans was due to an increase in the average balance. Total expenses increased by ¥21 billion due mainly to increases in interest expense on interest-bearing deposits and salaries and employee benefits. As a result, net income in Asia/Oceania excluding Japan, and others increased by ¥29 billion. Total assets in Asia/Oceania excluding Japan, and others increased by ¥2,611 billion due primarily to an increase in loans.

Table of Contents

Financial Condition

Assets

Our assets as of March 31, 2014 and 2015 were as follows:

	As of March 31, 2014	2015	Increase (decrease)
	(in billions of yen)		
Cash and due from banks	¥ 1,697	¥ 1,528	¥ (169)
Interest-bearing deposits in other banks	19,037	27,853	8,816
Call loans and funds sold	468	444	(24)
Receivables under resale agreements	8,349	8,582	233
Receivables under securities borrowing transactions	5,011	4,059	(952)
Trading account assets	27,408	29,416	2,008
Investments	35,482	33,416	(2,066)
Loans	73,485	78,048	4,563
Allowance for loan losses	(626)	(520)	106
Loans, net of allowance	72,859	77,528	4,669
Premises and equipment net	1,357	1,632	275
Due from customers on acceptances	92	139	47
Accrued income	264	280	16
Goodwill	12	12	
Intangible assets	59	54	(5)
Deferred tax assets	405	58	(347)
Other assets	3,199	5,119	1,920
Total assets	¥ 175,699	¥ 190,120	¥ 14,421

Total assets increased by ¥14,421 billion from March 31, 2014 to ¥190,120 billion as of March 31, 2015. This increase was due mainly to an increase of ¥8,816 billion in interest-bearing deposits in other banks, an increase in ¥4,669 billion in loans, net of allowance and an increase of ¥2,008 billion in trading account assets, offset in part by a decrease of ¥2,066 billion in investments.

Table of Contents

Loans

Loans outstanding

The following table shows our loans outstanding as of March 31, 2014 and 2015:

	As of March 31,				Increase (decrease)	
	2014		2015			
	(in billions of yen, except percentages)					
Domestic:						
Manufacturing	¥ 8,026	10.9%	¥ 8,224	10.5%	¥ 198	(0.4)%
Construction and real estate	7,205	9.8	7,354	9.4	149	(0.4)
Services	3,957	5.4	4,273	5.5	316	0.1
Wholesale and retail	5,351	7.3	5,587	7.1	236	(0.2)
Transportation and communications	3,247	4.4	3,157	4.1	(90)	(0.3)
Banks and other financial institutions	3,460	4.7	3,853	4.9	393	0.2
Government and public institutions	6,734	9.1	4,612	5.9	(2,122)	(3.2)
Other industries[(1)]	4,983	6.8	5,080	6.5	97	(0.3)
Individuals	11,975	16.2	11,870	15.2	(105)	(1.0)
Mortgage loans	11,187	15.2	11,022	14.1	(165)	(1.1)
Other	788	1.0	848	1.1	60	0.1
Total domestic	54,938	74.6	54,010	69.1	(928)	(5.5)
Foreign:						
Commercial and industrial	12,938	17.6	16,688	21.3	3,750	3.7
Banks and other financial institutions	4,610	6.3	6,077	7.8	1,467	1.5
Government and public institutions	883	1.2	1,011	1.3	128	0.1
Other[(1)]	255	0.3	426	0.5	171	0.2
Total foreign	18,686	25.4	24,202	30.9	5,516	5.5
Subtotal	73,624	100.0%	78,212	100.0%	4,588	
Less: Unearned income and deferred loan fees net	(139)		(164)		(25)	
Total loans before allowance for loan losses	¥ 73,485		¥ 78,048		¥ 4,563	

Note:

(1) Other industries within domestic and other within foreign include trade receivables and lease receivables of consolidated variable interest entities.

Total loans before allowance for loan losses increased by ¥4,563 billion from March 31, 2014 to ¥78,048 billion as of March 31, 2015. Loans to domestic borrowers decreased by ¥928 billion to ¥54,010 billion due mainly to a decrease in loans to government and public institutions. The decreases were offset in part by increases in loans to banks and other financial institutions, services, wholesale and retail, manufacturing and construction and real estate.

Loans to foreign borrowers increased by ¥5,516 billion from March 31, 2014 to ¥24,202 billion as of March 31, 2015. The increase in loans to foreign borrowers was due mainly to an increase in loans to commercial and industrial and banks and other financial institutions, mainly in Americas and Asia.

Within our loan portfolio, the proportion of loans to domestic borrowers against gross total loans decreased from 74.6% to 69.1% while that of loans to foreign borrowers against gross total loans increased from 25.4% to 30.9%.

Table of Contents

Impaired Loans

General

In accordance with our group s credit risk management policies, we use an internal rating system that consists of credit ratings and pool allocations as the basis of our risk management infrastructure. Credit ratings consist of obligor ratings which represent the level of credit risk of the obligor, and transaction ratings which represent the ultimate possibility of incurring losses on individual loan by taking into consideration various factors such as collateral or guarantees involved. In principle, obligor ratings are applied to all obligors except those to which pool allocations are applied, and are subject to regular review at least once a year as well as special review which is required whenever the obligor s credit standing changes. Pool allocations are applied to small balance, homogeneous loans. We pool loans with similar risk characteristics, and the risk is assessed and managed according to such pools. We generally review the appropriateness and effectiveness of the approach to obligor ratings and pool allocations once a year in accordance with predetermined procedures. The table below presents our definition of obligor ratings used by Mizuho Bank and Mizuho Trust & Banking:

Obligor category	Obligor rating	Definition
Normal	A	Obligors whose certainty of debt fulfillment is very high, hence their level of credit risk is very low.
	B	Obligors whose certainty of debt fulfillment poses no problems for the foreseeable future, and their level of credit risk is low.
	C	Obligors whose certainty of debt fulfillment and their level of credit risk pose no problems for the foreseeable future.
	D	Obligors whose current certainty of debt fulfillment poses no problems, however, their resistance to future environmental changes is low.
Watch(1)	E1	Obligors that require observation going forward because of either minor concerns regarding their financial position, or somewhat weak or unstable business conditions.
	E2	Obligors that require special observation going forward because of problems with their borrowings such as reduced or suspended interest payments, problems with debt fulfillment such as failure of principal or interest payments, or problems with their financial position as a result of their weak or unstable business condition.
Intensive control	F	Obligors that are not yet bankrupt but are in financial difficulties and are deemed likely to become bankrupt in the future because of insufficient progress in implementing their management improvement plans or other measures (including obligors that are receiving ongoing support from financial institutions).
Substantially bankrupt	G	Obligors that have not yet become legally or formally bankrupt but are substantially insolvent because they are in serious financial difficulties and are deemed to be incapable of being restructured.
Bankrupt	H	Obligors that have become legally or formally bankrupt.

Note:

(1) Special attention obligors are watch obligors with debt in troubled debt restructuring or 90 days or more delinquent debt, and we consider all such loans impaired.

We consider loans to be impaired when it is probable that we will be unable to collect all the scheduled payments of principal and interest when due according to the contractual terms of the loans. We classify loans to special attention, intensive control, substantially bankrupt and bankrupt obligors as impaired loans, and all of our impaired loans are designated as nonaccrual loans. We do not have any loans to borrowers that cause management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms for the periods presented other than those already designated as impaired loans. See Item 11. Quantitative and Qualitative Disclosures about Market Risk Credit Risk Management for descriptions of our self-assessment procedures and our internal credit rating system.

Table of Contents

Our credit management activities consist of activities such as efforts to provide management consultation to support borrowers business initiatives, to increase the quantity and enhance the quality of loan collateral, and to adjust loan balances to an appropriate level, when the borrower s credit quality is showing a decline. These activities can lead to improvements in obligor classifications through improvements in the business and financial condition of borrowers and, as a result, a reduction in allowance for loan losses.

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

Loan modifications

Restructuring efforts are made through our various business revitalization support measures conducted based on requests from borrowers that are in a weakened state that require some form of support. When confronted with the decision of whether to agree to business revitalization support, which includes forgiveness of debt (including debt to equity swaps), reductions in stated interest rates to below market levels and postponement of payment of principal and/or interest (other than insignificant extensions), we carefully consider whether it is beneficial to our shareholders and depositors based on various factors such as whether (i) a legal reorganization process would significantly damage the obligor s business value so that there is a fear that the obligor will not be able to restructure its business, (ii) the restructuring plan is appropriate and is economically rational from the viewpoint of minimizing Mizuho s losses compared to other processes, (iii) both the management and shareholders of the obligor will clearly bear responsibility, and (iv) the allocation of losses among creditors is rational and highly justifiable. The triggers and factors that we review to identify restructured loans are modifications imposed by law or a court of law and alterations based on agreement with the borrower such as the reduction of the stated interest rate and forgiveness of debt (including debt to equity swaps), and we consider restructured loans, with respect to which concessions that it would not otherwise consider were granted to obligors in financial difficulty, as troubled debt restructuring. We consider the relevant obligor to be in financial difficulty when its rating based on our internal rating system is E2 or below. The types of concessions that we would not otherwise consider include the various forms of business revitalization support described above. In general, troubled debt restructurings will return to non-impaired loans, as well as accrual status, when we determine that the borrower poses no problems regarding current certainty of debt fulfillment, i.e., the borrower qualifies for a rating of D or above based on our internal rating system. Based on our historical experience, it typically takes approximately 1.5 years for the troubled debt restructuring loans in nonaccrual status to be returned to accrual status.

We determine whether restructured loans other than troubled debt restructurings are impaired loans based on the application of our internal rating system as we do generally with respect to all obligors. We determine whether restructured loans are past due or current by comparing the obligors payments with the modified contract terms. The effect of the restructuring on the obligors is considered in developing the allowance based on the restructuring s effect on the estimation of future cash flows of such loans. At March 31, 2015, the balance of restructurings that are troubled debt restructurings was ¥696 billion, and the balance of restructurings that are not troubled debt restructurings was ¥108 billion. Also, the amount of charge-offs recorded as a result of troubled debt restructurings that were made during the fiscal year ended March 31, 2015 was ¥2 billion.

While we maintain basic guidelines covering restructured loans, we do not have any standardized modification programs. Instead, we apply various modifications as is appropriate for the specific circumstances of the obligor in question. We do not have a policy that specifically limits the number of modifications that can be performed for a specific loan.

Table of Contents

Balance of impaired loans

The following table shows our impaired loans as of March 31, 2014 and 2015 based on classifications by domicile and industry segment:

	As of March 31,					
	2014		2015		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	¥ 229	2.9%	¥ 480	5.8%	¥ 251	2.9%
Construction and real estate	138	1.9	101	1.4	(37)	(0.5)
Services	79	2.0	71	1.7	(8)	(0.3)
Wholesale and retail	156	2.9	150	2.7	(6)	(0.2)
Transportation and communications	48	1.5	36	1.1	(12)	(0.4)
Banks and other financial institutions	11	0.3	5	0.1	(6)	(0.2)
Other industries	1	0.0	1	0.0		0.0
Individuals	195	1.6	143	1.2	(52)	(0.4)
Total domestic	857	1.6	987	1.8	130	0.2
Foreign	288	1.5	188	0.8	(100)	(0.7)
Total impaired loans	¥ 1,145	1.6	¥ 1,175	1.5	¥ 30	(0.1)

Impaired loans increased by ¥30 billion, or 2.6%, from March 31, 2014 to ¥1,175 billion as of March 31, 2015. Impaired loans to domestic borrowers increased by ¥130 billion due primarily to an increase in manufacturing as a result of downgrades in internal credit categories related to certain borrowers, offset in part by decreases in almost all of the other industry segments. Impaired loans to foreign borrowers decreased by ¥100 billion due primarily to collections and upgrades related to some borrowers. The relative impact of foreign currency fluctuations on such decrease was immaterial.

Reflecting the aforementioned change, the percentage of impaired loans within gross total loans decreased from 1.6% as of March 31, 2014 to 1.5% as of March 31, 2015 due to an increase in gross total loans. The percentage of impaired loans net of allowance to gross total loans net of allowance increased from 0.71% as of March 31, 2014 to 0.84% as of March 31, 2015 due to an increase in impaired loans net of allowance.

Allowance for Loan Losses

Calculation of allowance for loan losses

Our self-assessment and credit-rating procedures serve as the basis for determining the amount of the allowance for loan losses. The specific methods of calculating the allowance for each category of obligors are as follows:

Normal and watch obligors	A formula allowance is calculated separately for obligors with small balance, homogeneous loans and for each credit rating category of corporate obligors by multiplying the loan balance with the applicable default ratio (based on internal historical data as well as data provided by third-party credit rating agencies) and the applicable average impairment ratio on defaulted loans (based on internal historical data).

Table of Contents

Special attention obligors	The allowance for special attention obligors is generally calculated individually based on the present value of expected future cash flows discounted at the loan s initial effective interest rate. A formula allowance for certain special attention obligors is calculated by grouping the loans to such obligors and applying the formula described above for normal and watch obligors but using the default ratio and average impairment ratio specific to this category.
Intensive control obligors	The allowance for intensive control obligors is generally calculated individually based on the present value of expected future cash flows discounted at the loan s initial effective interest rate, based on the loan s observable market price, or based on the fair value of the collateral if the loan is collateral dependent. The allowance for certain intensive control obligors is calculated by grouping the loans to such obligors and multiplying the amount of loans less estimated collateral value by the default ratio and average impairment ratio specific to this category.
Substantially bankrupt and bankrupt obligors	The allowance is calculated individually and is equal to loan balance, less estimated collateral value.

Balance of allowance for loan losses

The following table summarizes the allowance for loan losses by component and as a percentage of the corresponding loan balance as of March 31, 2014 and 2015:

	As of March 31, 2014	As of March 31, 2015	Increase (decrease)
	(in billions of yen, except percentages)		
Allowance for loan losses on impaired loans[1] (A)	¥ 323	¥ 352	¥ 29
Allowance for loan losses on non-impaired loans (B)	303	168	(135)
Total allowance for loan losses (C)	626	520	(106)
Impaired loans requiring an allowance for loan losses (D)	958	1,025	67
Impaired loans not requiring an allowance for loan losses (E)	187	150	(37)
Non-impaired loans[2] (F)	72,479	77,037	4,558
Gross total loans (G)	¥ 73,624	¥ 78,212	¥ 4,588
Percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance (A)/(D)x100	33.72%	34.37%	0.65%
Percentage of allowance for loan losses on non-impaired loans against the balance of non-impaired loans (B)/(F)x100	0.42	0.22	(0.20)
Percentage of total allowance for loan losses against gross total loans (C)/(G)x100	0.85	0.67	(0.18)

Notes:

(1) The allowance for loan losses on impaired loans includes the allowance for groups of small balance, homogeneous loans totaling ¥425 billion and ¥388 billion as of March 31, 2014 and 2015 which were collectively evaluated for impairment, in addition to the allowance for those loans that were individually evaluated for impairment.

(2) Non-impaired loans refer to loans categorized as normal obligors and watch obligors (excluding special attention obligors) under our internal rating system.

Table of Contents

Allowance for loan losses decreased by ¥106 billion from March 31, 2014 to ¥520 billion as of March 31, 2015. This decrease was due to a decrease of ¥135 billion in allowance for loan losses on non-impaired loans, offset in part by an increase of ¥29 billion in allowance for loan losses on impaired loans. The allowance for loan losses on non-impaired loans decreased due mainly to a downgrade in the obligor categories of certain borrowers resulting in their loans changing from non-impaired loans to impaired loans and upgrades in the obligor categories of a broad range of borrowers, reflecting the continuing gradual recovery of the Japanese economy. The allowance for loan losses on impaired loans increased due primarily to the downgrade in the obligor categories of certain borrowers mentioned above. As a result, the percentage of total allowance for loan losses against gross total loans decreased by 0.18% to 0.67%, and the percentage of allowance for loan losses on impaired loans against the balance of impaired loans requiring an allowance increased by 0.65% to 34.37%.

The primary factors behind the gap between the 16.9% decrease in allowance for loan losses and the 6.2% increase in the balance of gross total loans in the fiscal year ended March 31, 2015 compared to the previous fiscal year consisted mainly of the increase in the balance of non-impaired loans and the decrease in allowance for loan losses on non-impaired loans due to a downgrade in the obligor categories of certain borrowers from non-impaired loans to impaired loans and improvements in our loan portfolio.

In the fiscal year ended March 31, 2015, impaired loans increased by 2.6% due mainly to an increase in domestic impaired loans. Allowance for loan losses on impaired loans increased by 9.0%.

The coverage ratio for impaired loans decreased by 10.4% as of March 31, 2015 compared to the previous fiscal year. The decrease was due to the decrease in allowance for loan losses while the increase in impaired loans.

Table of Contents

Provision (credit) for loan losses

The following table summarizes changes in our allowance for loan losses, including a breakdown of charge-offs and recoveries by domicile and industry segment, in the fiscal years ended March 31, 2014 and 2015:

	Fiscal years ended March 31, 2014	2015	Increase (decrease)
	(in billions of yen)		
Allowance for loan losses at beginning of fiscal year	¥ 773	¥ 626	¥ (147)
Provision (credit) for loan losses	(126)	(60)	66
Charge-offs:			
Domestic:			
Manufacturing	20	8	(12)
Construction and real estate	1	3	2
Services	3	2	(1)
Wholesale and retail	13	15	2
Transportation and communications	7	1	(6)
Individuals	13	10	(3)
Total domestic charge-offs	57	39	(18)
Foreign	8	40	32
Total charge-offs	65	79	14
Recoveries:			
Domestic:			
Manufacturing	6	2	(4)
Construction and real estate	5	4	(1)
Services	3	2	(1)
Wholesale and retail	3	3	
Transportation and communications	3	1	(2)
Other industries	1	1	
Individuals	3	3	
Total domestic recoveries	24	16	(8)
Foreign	2	7	5
Total recoveries	26	23	(3)
Net charge-offs	39	56	17
Others[1]	18	10	(8)
Balance at end of fiscal year	¥ 626	¥ 520	¥ (106)

Note:

(1) Others includes primarily foreign exchange translation.

Credit for loan losses decreased by ¥66 billion from the previous fiscal year to ¥60 billion in the fiscal year ended March 31, 2015 due primarily to an increase in allowance for loan losses on impaired loans related to certain domestic borrowers, although we continued to record a credit for loan losses and recorded a decrease in allowance for loan losses on non-impaired loans as a result of upgrades in the obligor categories of a broad range of borrowers, reflecting the continuing gradual recovery of the Japanese economy.

Charge-offs increased by ¥14 billion from the previous fiscal year to ¥79 billion for the fiscal year ended March 31, 2015. The increase was due to an increase in charge-offs of foreign loans, offset in part by a decrease in charge-offs of domestic loans.

Table of Contents

Recoveries decreased by ¥3 billion from the previous fiscal year to ¥23 billion in the fiscal year ended March 31, 2015, reflecting a decrease in recoveries with respect to domestic loans offset in part by an increase with respect to foreign loans.

Investments

The majority of our investments are available-for-sale and held-to-maturity securities, which at March 31, 2014 and 2015 were as follows:

	As of March 31, 2014			As of March 31, 2015			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	¥ 27,167	¥ 27,227	¥ 60	¥ 22,601	¥ 22,674	¥ 73	¥ (4,566)	¥ (4,553)	¥ 13
Japanese government bonds	22,040	22,056	16	17,391	17,414	23	(4,649)	(4,642)	7
Other than Japanese government bonds	5,127	5,171	44	5,210	5,260	50	83	89	6
Equity securities (marketable)	1,668	3,422	1,754	1,698	4,397	2,699	30	975	945
Total	¥ 28,835	¥ 30,649	¥ 1,814	¥ 24,299	¥ 27,071	¥ 2,772	¥ (4,536)	¥ (3,578)	¥ 958
Held-to-maturity securities:									
Debt securities:									
Japanese government bonds	4,040	4,058	18	4,360	4,389	29	320	331	11
Agency mortgage-backed securities				1,287	1,289	2	1,287	1,289	2
Total	¥ 4,040	¥ 4,058	¥ 18	¥ 5,647	¥ 5,678	¥ 31	¥ 1,607	¥ 1,620	¥ 13

Available-for-sale securities decreased by ¥3,578 billion from March 31, 2014 to ¥27,071 billion at March 31, 2015. This decrease was due primarily to a decrease in Japanese government bonds due to the sales and redemptions as a result of our risk management activities related to our bond portfolio. Held-to-maturity securities increased by ¥1,607 billion from March 31, 2014 to ¥5,647 billion at March 31, 2015. See note 3 to our consolidated financial statements included elsewhere in this annual report for details of other investments included within investments.

Cash and Due from Banks

Cash and due from banks decreased by ¥169 billion from March 31, 2014 to ¥1,528 billion at March 31, 2015. The decrease was due to net cash used in investing activities of ¥5,674 billion offset in part by net cash provided by financing activities of ¥4,265 billion and net cash provided by operating activities of ¥1,206 billion.

Table of Contents

Liabilities

The following table shows our liabilities as of March 31, 2014 and 2015:

	As of March 31, 2014	As of March 31, 2015	Increase (decrease)
	(in billions of yen)		
Deposits	¥ 102,610	¥ 114,206	¥ 11,596
Due to trust accounts	742	1,241	499
Call money and funds purchased	7,195	5,091	(2,104)
Payables under repurchase agreements	16,798	19,612	2,814
Payables under securities lending transactions	6,266	2,462	(3,804)
Other short-term borrowings	6,024	1,583	(4,441)
Trading account liabilities	14,825	16,472	1,647
Bank acceptances outstanding	92	139	47
Income taxes payable	57	159	102
Deferred tax liabilities	33	294	261
Accrued expenses	160	154	(6)
Long-term debt	9,854	14,582	4,728
Other liabilities	4,422	5,935	1,513
Total liabilities	¥ 169,078	¥ 181,930	¥ 12,852

Total liabilities increased by ¥12,852 billion from March 31, 2014 to ¥181,930 billion at March 31, 2015. This increase was due primarily to an increase of ¥11,596 billion in deposits, an increase of ¥4,728 billion in long-term debt and an increase of ¥1,647 billion in trading account liabilities, offset in part by a decrease of ¥7,036 billion in short-term borrowings. We analyze short-term borrowings, consisting of due to trust accounts, call money and funds purchased, payables under repurchase agreements, payables under securities lending transactions and other short-term borrowings, on a combined basis.

Deposits

The following table shows a breakdown of our deposits as of March 31, 2014 and 2015:

	As of March 31, 2014	As of March 31, 2015	Increase (decrease)
	(in billions of yen)		
Domestic:			
Noninterest-bearing deposits	¥ 12,751	¥ 13,576	¥ 825
Interest-bearing deposits	73,115	78,188	5,073
Total domestic deposits	85,866	91,764	5,898
Foreign:			
Noninterest-bearing deposits	1,115	1,358	243
Interest-bearing deposits	15,629	21,084	5,455
Total foreign deposits	16,744	22,442	5,698
Total deposits	¥ 102,610	¥ 114,206	¥ 11,596

Deposits increased by ¥11,596 billion from March 31, 2014 to ¥114,206 billion at March 31, 2015. Domestic deposits increased by ¥5,898 billion from March 31, 2014 to ¥91,764 billion at March 31, 2015. Domestic interest-bearing deposits increased by ¥5,073 billion from March 31, 2014 to ¥78,188 billion at March 31, 2015 due mainly to an increase in ordinary deposits, and noninterest-bearing deposits increased by ¥825 billion to ¥13,576 billion at March 31, 2015. Foreign deposits increased by ¥5,698 billion from March 31, 2014 to ¥22,442 billion due mainly to increases in time deposits and certificates of deposits.

Table of Contents

Short-term Borrowings

The following table shows a breakdown of our short-term borrowings as of March 31, 2014 and 2015:

	As of March 31,								
	2014			2015			Increase (decrease)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in billions of yen)								
Due to trust accounts	¥ 742	¥	¥ 742	¥ 1,241	¥	¥ 1,241	¥ 499	¥	¥ 499
Call money and funds purchased, and payables under repurchase agreements and securities lending transactions	13,680	16,579	30,259	8,857	18,308	27,165	(4,823)	1,729	(3,094)
Other short-term borrowings	5,757	267	6,024	1,237	346	1,583	(4,520)	79	(4,441)
Total short-term borrowings	¥ 20,179	¥ 16,846	¥ 37,025	¥ 11,335	¥ 18,654	¥ 29,989	¥ (8,844)	¥ 1,808	¥ (7,036)

Short-term borrowings decreased by ¥7,036 billion from March 31, 2014 to ¥29,989 billion at March 31, 2015. Domestic short-term borrowings decreased by ¥8,844 billion due mainly to decreases in payables under securities lending transactions, call money and funds purchased and other short-term borrowings. Foreign short-term borrowings increased by ¥1,808 billion due mainly to an increase in payables under repurchase agreements.

Equity

The following table shows a breakdown of equity as of March 31, 2014 and 2015:

	As of March 31,		Increase
	2014	2015	(decrease)
	(in billions of yen)		
MHFG shareholders equity:			
Preferred stock	¥ 313	¥ 213	¥ (100)
Common stock	5,489	5,590	101
Retained earnings (Accumulated deficit)	(538)	90	628
Accumulated other comprehensive income, net of tax	1,118	2,041	923
Treasury stock, at cost	(4)	(4)	
Total MHFG shareholders equity	6,378	7,930	1,552
Noncontrolling interests	243	260	17
Total equity	¥ 6,621	¥ 8,190	¥ 1,569

Equity increased by ¥1,569 billion from March 31, 2014 to ¥8,190 billion due mainly to an increase in accumulated other comprehensive income, net of tax and an increase in retained earnings.

Preferred stock decreased by ¥100 billion from March 31, 2014 to ¥213 billion at March 31, 2015 as a result of the conversion of preferred stock to common stock.

Common stock increased by ¥101 billion from March 31, 2014 to ¥5,590 billion at March 31, 2015 primarily as a result of the issuance of new shares of common stock related to the conversion of preferred stock to common stock.

We recorded retained earnings of ¥90 billion as of March 31, 2015 compared to accumulated deficit of ¥538 billion as of March 31, 2014. The change was due to net income attributable to MHFG shareholders for the fiscal year ended March 31, 2015 of ¥803 billion offset in part by dividend payments of ¥175 billion.

Accumulated other comprehensive income, net of tax increased by ¥923 billion from March 31, 2014 to ¥2,041 billion at March 31, 2015 due to an increase in net unrealized gains on available-for-sale securities of ¥624 billion, an increase in pension liability adjustments of ¥163 billion and an increase in foreign currency translation adjustments of ¥136 billion.

Treasury stock, at cost as of March 31, 2015 was the same level compared to that as of March 31, 2014.

Noncontrolling interests increased by ¥17 billion from March 31, 2014 to ¥260 billion at March 31, 2015.

Liquidity

We continuously endeavor to enhance the management of our liquidity profile to meet our customers loan demand and deposit withdrawals and respond to unforeseen situations such as adverse movements in stock, foreign currencies, interest rates and other markets or changes in general domestic or international conditions. We manage our liquidity profile through the continuous monitoring of our cash flow situation, the enforcement of upper limits on funds raised in financial markets and other means as further set forth in Item 11. Quantitative and Qualitative Disclosures about Market Risk Market and Liquidity Risk Management Liquidity Risk Management Structure.

Deposits, based on our broad customer base and brand recognition in Japan, have been our primary source of liquidity. Our total deposits increased by ¥11,596 billion, or 11.3%, from the end of the previous fiscal year to ¥114,206 billion as of March 31, 2015. Our average balance of deposits for the fiscal year ended March 31, 2015 of ¥110,484 billion exceeded our average balance of loans for the same period by ¥34,643 billion. We invested the excess portion primarily in marketable securities and other high liquidity assets.

Secondary sources of liquidity include short-term borrowings such as call money and funds purchased and payables under repurchase agreements. We also issue long-term debt, including both senior and subordinated debt, as additional sources for liquidity. We utilize short-term borrowings to diversify our funding sources and to manage our funding costs. We raise subordinated long-term debt for the purpose of improving our capital adequacy ratios, which also enhances our liquidity profile. We believe we are able to access such sources of liquidity on a stable and flexible basis based on our current credit ratings. The following table shows credit ratings assigned to our principal banking subsidiaries by S&P and Moody s as of June 30, 2015:

	As of June 30, 2015					
	S&P			Moody s		
	Long-term	Short-term	Stand-alone credit profile	Long-term	Short-term	Baseline credit assessment
Mizuho Bank	A+[(1)]	A-1	a	A1	P-1	baa1
Mizuho Trust & Banking	A+[(1)]	A-1	a	A1	P-1	baa1

Note:

(1) Negative outlook.

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

In order to maintain appropriate funding liquidity, our principal banking subsidiaries hold highly liquid investment assets such as Japanese government bonds as liquidity reserve assets. We monitor the amount of liquidity reserve assets and report such amount to the monthly risk management committee. Minimum regulatory reserve amounts, or the reserve amount deposited with the Bank of Japan pursuant to applicable regulations that is calculated as a specified percentage of the amount of deposits held by our principal banking subsidiaries, are excluded in connection with our management of liquidity reserve asset levels. We established and apply classifications for the cash flow conditions affecting the group, including the amount of liquidity reserve assets,

Table of Contents

that range from Normal to Anxious and Crisis categories, and take appropriate actions based on such conditions. As of March 31, 2015, the balance of Japanese government bonds included within our investments was ¥17.4 trillion (excluding held-to-maturity securities), and a majority of this amount, which has historically not fluctuated significantly over the course of a fiscal year, was classified as the principal component of liquidity reserve assets.

Capital Adequacy

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

Regulatory Capital Requirements

Mizuho Financial Group and its principal banking subsidiaries are subject to regulatory capital requirements administered by the Financial Services Agency in accordance with the provisions of the Banking Act 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 financial condition and results of operations.

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, guidelines were implemented by the Financial Services Agency to comply with the 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.

In May 2011, the capital adequacy guidelines were revised by the Financial Services Agency to comply with the package of measures to enhance the Basel II framework approved by the Basel Committee on Banking Supervision in July 2009. The revised guidelines, which became effective in December 2011, include the strengthening of rules governing trading book capital and the strengthening of treatment of certain securitizations under the first pillar.

In December 2010, the Basel Committee on Banking Supervision issued the Basel III rules text (later revised in June 2011, January 2013 and October 2014), which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed by the Governors and Heads of Supervision, which is the oversight body of the Basel Committee on Banking Supervision, and endorsed by the G20 Leaders at the Seoul summit in November 2010. The rules text sets out higher and better-quality capital, better risk coverage, the introduction of a leverage ratio as a backstop to the risk-based requirement, measures to promote the build-up of capital that can be drawn down in periods of stress, and the introduction of two global liquidity standards. The Financial Services Agency s revisions to its capital adequacy guidelines became effective from March 31, 2013, which generally reflect the rules in the Basel III rules text that have been applied from January 1, 2013. While the three-pillar structure of Basel II has been retained, Basel III includes various changes as described further below.

Under the first pillar, the capital ratio is calculated by dividing regulatory capital, or risk-based capital, by risk-weighted assets. With respect to the calculation of risk-weighted assets, we adopt the advanced internal ratings-based approach. Under such approach, balance sheet assets and off-balance sheet exposures, calculated under Japanese GAAP, are assessed in terms of credit risk according to risk components such as probability of default and loss given default, which are derived from our own internal credit experience. In addition to credit risk, banks are required to measure and apply capital charges with respect to their market risks. Market risk is defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices. Operational risk, which was introduced under Basel II with respect to regulatory capital requirements, is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. We

Table of Contents

adopt the advanced measurement approach for the measurement of operational risk equivalent by taking account of the following four elements: internal loss data; external loss data; scenario analysis; and business environment and internal control factors. Under Basel III, the calculation method of risk-weighted assets was revised, including certain modifications to the treatment of counterparty credit risk, such as a capital charge for credit valuation adjustment risk.

With regard to risk-based capital, the guidelines based on Basel III set out higher and better-quality capital standards compared to those under Basel II. The guidelines based on Basel III require a target minimum standard capital adequacy ratio of 8%, Tier 1 capital ratio of 6% (phased in at 5.5% in 2014) and Common Equity Tier 1 capital ratio of 4.5% (phased in at 4.0% in 2014), on both a consolidated and non-consolidated basis for banks with international operations, such as Mizuho Bank and Mizuho Trust & Banking, or on a consolidated basis for bank holding companies with international operations, such as Mizuho Financial Group.

Risk-based capital, calculated from financial statements prepared under Japanese GAAP, is classified into the following two tiers: Tier 1 capital; and Tier 2 capital. Tier 1 capital consists of Common Equity Tier 1 capital and Additional Tier 1 capital. Common Equity Tier 1 capital generally consists of common stock, capital surplus, retained earnings, accumulated other comprehensive income and other disclosed reserves and others less any regulatory adjustments. Additional Tier 1 capital generally consists of instruments issued by a bank or its holding company that meet the criteria for inclusion in Additional Tier 1 capital and others less any regulatory adjustments. Tier 2 capital generally consists of instruments issued by a bank or its holding company such as subordinated debt that meet the criteria for inclusion in Tier 2 capital, general reserve for possible losses on loans (equaling the sum of (i) the excess of the amount of qualified reserves over the amount of expected losses and (ii) the amount of general reserves calculated based on the standardized approach) and others less any regulatory adjustments.

The minimum requirement for Common Equity Tier 1 capital became fully effective at 4.5% of risk-weighted assets in March 2015 compared to 3.5% in March 2013. Separately, a capital conservation buffer, to be met with Common Equity Tier 1 capital, is expected to be phased in beginning March 2016 at 0.625% until becoming fully effective in March 2019 at 2.5%, although the capital adequacy guidelines related to the capital conservation buffer have not yet been published by the Financial Services Agency. Thus the Common Equity Tier 1 capital requirement, including capital conservation buffer, is expected to be 7.0% beginning March 2019. In addition, subject to national discretion by the respective regulatory authorities, a countercyclical buffer ranging from 0% to 2.5%, consisting of Common Equity Tier 1 capital or other fully loss absorbing capital, would also be imposed on banking organizations through an extension of the capital conservation buffer when the relevant national authority judges a period of excess credit growth to be leading to the build-up of system-wide risk. The countercyclical buffer for internationally active banks will be a weighted average of the buffers deployed across all the jurisdictions to which it has credit exposures. Moreover, capital instruments that will no longer qualify as Additional Tier 1 capital or Tier 2 capital under Basel III are being phased out beginning March 2013 by increments of 10% until becoming fully effective in March 2022. Our existing preferred stock and preferred securities (the amounts thereof included within Additional Tier 1 capital as of March 31, 2015 being ¥1,458.1 billion) and our existing subordinated debt issued before March 2013 (the amounts thereof included within Tier 2 capital as of March 31, 2015 being ¥1,108.8 billion) are subject to the phase-out arrangements.

The Leverage Ratio framework is critical and complementary to the risk-based capital framework that will help ensure broad and adequate capture of both on- and off-balance sheet sources of banks leverage. This simple, non-risk-based measure will restrict the build-up of excessive leverage in the banking sector to avoid destabilizing deleveraging processes that can damage the broader financial system and the economy. Implementation of the leverage ratio requirements began with bank-level reporting to national supervisors of the leverage ratio and its components, and a public disclosure is required from January 2015. Basel III s leverage ratio is defined as the capital measure (numerator) divided by the exposure measure (denominator) and is expressed as a percentage. The capital measure is currently defined as Tier 1 capital and the minimum leverage

Table of Contents

ratio is currently defined as 3%. The Basel Committee will monitor banks leverage ratio data in order to assess whether the design and calibration of a minimum Tier 1 leverage ratio of 3% is appropriate. Any final adjustments to the definition and calibration of the leverage ratio will be made by 2017, with a view to migrate to a Pillar 1 (minimum capital requirements) treatment on January 1, 2018, based on appropriate review and calibration.

In November 2011, the Financial Stability Board published policy measures to address the systemic and moral hazard risks associated with systemically important financial institutions. The policy measures include requirements for G-SIBs to have additional loss absorption capacity tailored to the impact of their default, ranging from 1% to 2.5% of risk-weighted assets, to be met with Common Equity Tier 1 capital, which would be in addition to the 7.0% Common Equity Tier 1 capital requirement (including the capital conservation buffer). The requirements will be phased in starting in January 2016 with full implementation by January 2019. We were included in the list of G-SIBs updated in November 2014 and were allocated to the bucket that would require 1.0% of additional loss absorbency.

Regulatory adjustments are to be applied mainly to the calculation of Common Equity Tier 1 capital in the form of the deductions and prudential filters related to the following:

- Goodwill and other intangibles
- Deferred tax assets
- Deferred gains or losses on derivatives under hedge accounting that relates to the hedging of items that are not fair valued on the balance sheet
- Shortfall of the stock of provisions to expected losses under the internal ratings-based approach
- Gain on sale related to securitization transactions
- Cumulative gains and losses due to changes in own credit risk on fair valued financial liabilities
- Defined benefit pension fund assets and liabilities
- Treasury stock
- Reciprocal cross holdings of capital of banking, financial and insurance entities
- Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation

Regulatory adjustments will be fully deducted in the calculation of Common Equity Tier 1 capital by March 2018. The regulatory adjustments began at 20% of the required deductions in the calculation of Common Equity Tier 1 capital in March 2014 and will be increased by 20% increments per year through March 2018 when the regulatory adjustments reach 100%. During this transition period, the remainder not deducted from capital will continue to be subject to existing national treatments.

98

Table of Contents

The capital requirements and regulatory adjustments will be phased in over a transitional period as follows (italicized percentages indicate those still in transition periods):

	March 2013	March 2014	March 2015	March 2016	March 2017	March 2018	March 2019	March 2020	March 2021	March 2022
Minimum Common Equity Tier 1 capital(1)	*3.5%*	*4.0%*	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Minimum Tier 1 capital(1)	*4.5%*	*5.5%*	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum total capital(1)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Capital conservation buffer	*0.0%*	*0.0%*	*0.0%*	*0.625%*	*1.25%*	*1.875%*	2.5%	2.5%	2.5%	2.5%
Phase out of recognition of capital instruments that no longer qualify as capital(1)	*90.0%*	*80.0%*	*70.0%*	*60.0%*	*50.0%*	*40.0%*	*30.0%*	*20.0%*	*10.0%*	0.0%
Phase-in of deductions from capital(1)	*0.0%*	*20.0%*	*40.0%*	*60.0%*	*80.0%*	100.0%	100.0%	100.0%	100.0%	100.0%
Additional loss absorbency requirements for G-SIBs				Additional loss absorption capacity tailored to the impact of the entity s default, ranging from 1% to 2.5% of risk-weighted assets, to be met with Common Equity Tier 1 capital						

Note:

(1) While these measures are included in the revisions to the capital adequacy guidelines that have been applied from March 31, 2013 as published by the Financial Services Agency, capital adequacy guidelines related to other requirements under the Basel III rules, such as the capital conservation buffer, countercyclical buffer and additional loss absorbency requirements for G-SIBs, have not yet been published.

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. Further, the revisions to the Financial Services Agency s guidelines relating to the third pillar, which reflect the enhanced disclosure requirements under Basel III and became effective on March 31, 2013, require banks to disclose, among other things, the components of their regulatory capital and the main features of their regulatory capital instruments in common templates.

If the capital adequacy ratio of a financial institution falls below the required level, the Financial Services Agency may, depending upon the extent of capital deterioration, take certain corrective action, including requiring the financial institution to submit an improvement plan to strengthen its capital base, reduce its total assets, restrict its business operations or other actions that could have a material effect on its financial condition and results of operations.

Unless otherwise specified, the regulatory capital information set forth in this Capital Adequacy is based on the current Basel III rules.

Table of Contents

Consolidated Capital Adequacy Ratios

Our capital adequacy ratios as of March 31, 2014 and 2015, calculated in accordance with Japanese GAAP and the guidelines established by the Financial Services Agency, were as set forth in the following table:

	As of March 31, 2014	As of March 31, 2015	Increase (decrease)
	(in billions of yen, except percentages)		
Common Equity Tier 1 capital	¥ 5,304.4	¥ 6,153.1	¥ 848.7
Additional Tier 1 capital	1,540.3	1,347.2	(193.1)
Tier 1 capital	6,844.7	7,500.3	655.6
Tier 2 capital	1,811.2	2,008.1	196.8
Total capital	¥ 8,655.9	¥ 9,508.4	¥ 852.4
Risk-weighted assets	¥ 60,274.0	¥ 65,191.9	¥ 4,917.8
Common Equity Tier 1 capital ratio	8.80%	9.43%	0.63%
Required Common Equity Tier 1 capital ratio	4.00	4.50	0.50
Tier 1 capital ratio	11.35	11.50	0.15
Required Tier 1 capital ratio	5.50	6.00	0.50
Total capital ratio	14.36	14.58	0.22
Required total capital ratio	8.00	8.00	
Leverage ratio[1]		3.83	

Note:

(1) Due to an implementation of the leverage ratio requirements, a public disclosure for the leverage ratio is required from January 2015. Any final adjustments to the definition and calibration of the leverage ratio will be made by the Basel Committee on Banking Supervision by 2017.

Our total capital ratio as of March 31, 2015 was 14.58 %, an increase of 0.22% compared to March 31, 2014. Our Tier 1 capital ratio as of March 31, 2015 was 11.50%, an increase of 0.15 % compared to March 31, 2014. Our Common Equity Tier 1 capital ratio as of March 31, 2015 was 9.43%, an increase of 0.63% compared to March 31, 2014. The increases in each ratio were due mainly to an increase in Common Equity Tier 1 capital, offset in part by a decrease in Additional Tier 1 capital and by an increase in risk-weighted assets. We believe that we were in compliance with all capital adequacy requirements to which we were subject as of March 31, 2015.

Table of Contents

Capital

The following table shows a breakdown of our total risk-based capital as of March 31, 2014 and 2015:

	As of March 31, 2014	As of March 31, 2015	Increase (decrease)
	(in billions of yen)		
Common Equity Tier 1 capital	¥ 5,304.4	¥ 6,153.1	¥ 848.7
Capital and stock surplus	3,051.8	3,152.2	100.4
Retained earnings	2,314.7	2,768.5	453.7
Treasury stock	(3.8)	(3.6)	0.2
Earnings to be distributed	(88.0)	(100.5)	(12.5)
Subscription rights to common shares	3.1	3.8	0.6
Accumulated other comprehensive income and other disclosed reserves	156.2	811.9	655.7
Common share capital issued by subsidiaries and held by third parties	10.8	12.1	1.2
Instruments and reserves subject to phase-out arrangements	61.5	49.1	(12.4)
Regulatory adjustments	(202.1)	(540.4)	(338.3)
Additional Tier 1 capital(1)(2)	1,540.3	1,347.2	(193.1)
Additional Tier 1 instruments issued by subsidiaries and held by third parties	25.3	29.5	4.2
Eligible Tier 1 capital instruments subject to phase-out arrangements(1)(2)	1,666.5	1,458.1	(208.3)
Instruments subject to phase-out arrangements	(50.8)	(24.2)	26.5
Regulatory adjustments	(100.7)	(116.3)	(15.5)
Tier 1 capital(1)(2)	6,844.7	7,500.3	655.6
Tier 2 capital	1,811.2	2,008.1	196.8
Directly issued qualifying Tier 2 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards		150.0	150.0
Tier 2 instruments plus related stock surplus issued by special purpose vehicles and other equivalent entities	154.3	180.4	26.0
Tier 2 instruments issued by subsidiaries and held by third parties	8.1	9.2	1.0
Eligible Tier 2 capital instruments subject to phase-out arrangements	1,349.6	1,108.8	(240.8)
General allowance for loan losses and eligible provisions included in Tier 2	7.0	4.6	(2.4)
Instruments and provisions subject to phase-out arrangements	474.0	730.7	256.7
Regulatory adjustments	(182.0)	(175.7)	6.2
Total capital(1)(2)	¥ 8,655.9	¥ 9,508.4	¥ 852.4

Notes:

(1) As of March 31, 2015, the outstanding balance of our eleventh series class XI preferred stock was ¥213.1 billion. During the period from April 1, 2015 to June 30, 2015, holders of the preferred stock converted 40,900,000 shares (or ¥40.9 billion) by requesting us to acquire the preferred stock and issue common stock to them.

(2) We redeemed $850.0 million, ¥139.5 billion and ¥452.5 billion of non-dilutive preferred securities in June 2014, June 2014 and June 2015, respectively.

(3) On July 17 2015, we announced our decision to issue, to qualified institutional investors in Japan, ¥300.0 billion of Additional Tier 1 perpetual subordinated bonds with optional-redemption clause and write-down clause.

Our Common Equity Tier 1 capital increased by ¥848.7 billion from ¥5,304.4 billion as of March 31, 2014 to ¥6,153.1 billion as of March 31, 2015. The increase was due mainly to an increase in retained earnings as a result of recording net income for the fiscal year ended March 31, 2015 and to the recording of accumulated other comprehensive income as of March 31, 2015, offset in part by the application of regulatory adjustments as

Table of Contents

of March 31, 2015. Our Additional Tier 1 capital decreased by ¥193.1 billion from ¥1,540.3 billion as of March 31, 2014 to ¥1,347.2 billion as of March 31, 2015. The decrease was due mainly to the effect of the phase-out of recognition of eligible Tier 1 capital instruments subject to phase-out arrangements. As a result, our Tier 1 capital increased by ¥655.6 billion from ¥6,844.7 billion as of March 31, 2014 to ¥7,500.3 billion as of March 31, 2015.

Non-dilutive preferred securities issued by our overseas special purpose companies to investors are included within Additional Tier 1 capital and subject to phase-out arrangements. As of March 31, 2015, the outstanding balance of these securities was ¥1,502.1 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 Additional Tier 1 capital as of March 31, 2015 and the total outstanding balance of non-dilutive preferred securities with each such initial optional redemption date. The non-dilutive preferred securities are denominated in yen, unless otherwise noted.

Initial optional redemption date	Outstanding balance of non-dilutive preferred securities included within Additional Tier 1 capital (in billions of yen)
June 2015	¥ 452.5(1)
June 2016	472.1(2)
June 2018	274.5
June 2019	303.0

Notes:

(1) In June 2015, we redeemed all ¥452.5 billion of such non-dilutive preferred securities.

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

Our Tier 2 capital as of March 31, 2015 was ¥2,008.1 billion, an increase of ¥196.8 billion compared to March 31, 2014. The increase was due mainly to an increase in unrealized gains on other securities and the issuance of dated subordinated bonds offset in part by the redemptions of eligible Tier 2 capital instruments subject to phase-out arrangements.

As a result of the above, total capital as of March 31, 2015 was ¥9,508.4 billion, an increase of ¥852.4 billion compared to March 31, 2014.

Risk-weighted Assets

The following table shows a breakdown of our risk-weighted assets as of March 31, 2014 and 2015:

	As of March 31, 2014	As of March 31, 2015	Increase (decrease)
	(in billions of yen)		
Risk-weighted assets:			
Credit risk assets	¥ 54,068.7	¥ 58,602.7	¥ 4,534.0
Market risk equivalent assets	2,919.0	3,473.8	554.7
Operational risk equivalent assets	3,286.3	3,115.3	(170.9)
Total	¥ 60,274.0	¥ 65,191.9	¥ 4,917.8

Risk-weighted assets as of March 31, 2015 were ¥65,191.9 billion, an increase of ¥4,917.8 billion compared to March 31, 2014. Credit risk assets increased by ¥4,534.0 billion to ¥58,602.7 billion due mainly to a rise in stock prices in Japan and an increase of loan assets. Market risk equivalent assets increased by ¥554.7 billion to ¥3,473.8 billion. Operational risk equivalent assets decreased by ¥170.9 billion to ¥3,115.3 billion.

Table of Contents

Principal Banking Subsidiaries

Capital adequacy ratios of our principal banking subsidiaries, on a consolidated basis, as of March 31, 2014 and 2015, calculated in accordance with Japanese GAAP and the guidelines established by the Financial Services Agency, were as set forth in the following table:

	As of March 31, 2014	As of March 31, 2015	Increase (decrease)
Mizuho Bank			
Common Equity Tier 1 capital ratio	10.19%	10.42%	0.23%
Tier 1 capital ratio	12.35	12.13	(0.22)
Total capital ratio	15.48	15.30	(0.18)
Mizuho Trust & Banking			
Common Equity Tier 1 capital ratio	14.76	16.67	1.91
Tier 1 capital ratio	14.76	16.68	1.92
Total capital ratio	17.80	19.21	1.41

We believe each of our principal banking subsidiaries was in compliance with all capital adequacy requirements to which it was subject as of March 31, 2015.

Our securities subsidiaries in Japan are also subject to the capital adequacy requirement under the Financial Instruments and Exchange Act. Under this requirement, securities firms must maintain a minimum capital adequacy ratio of 120% calculated as a percentage of capital accounts less certain assets, as determined in accordance with Japanese GAAP, against amounts equivalent to market, counterparty and basic risks. Specific guidelines are issued as a ministerial ordinance that details the definition of essential components of the capital ratios, including capital, disallowed assets and risks, and related measures. Failure to maintain a minimum capital ratio will trigger mandatory regulatory actions. A capital ratio of less than 140% will call for regulatory reporting and a capital ratio of less than 100% may lead to a temporary suspension of all or part of the business operations and further, to the cancellation of the license to act as a securities broker and dealer. We believe, as of March 31, 2015, that our securities subsidiaries in Japan were in compliance with all capital adequacy requirements to which they were subject.

Off-balance-sheet Arrangements

We engage in various types of off-balance-sheet arrangements in the ordinary course of our business to meet the financing needs of our customers. These arrangements include various guarantees and commitments. The following tables show the contractual or notional amounts of our guarantees and undrawn commitments as of March 31, 2014 and 2015:

	As of March 31, 2014	As of March 31, 2015	Increase (decrease)
	(in billions of yen)		
Guarantees:			
Performance guarantees	¥ 1,985	¥ 2,226	¥ 241
Guarantees on loans	399	325	(74)
Guarantees on securities	170	184	14
Other guarantees	1,249	1,556	307
Guarantees for the repayment of trust principal	158	140	(18)
Liabilities of trust accounts	11,158	14,936	3,778
Derivative financial instruments	21,422	22,216	794

Table of Contents

	As of March 31, 2014	2015	Increase (decrease)
	(in billions of yen)		
Commitments:			
Commitments to extend credit	¥ 59,402	¥ 71,750	¥ 12,348
Commercial letters of credit	611	584	(27)
Total commitments	¥ 60,013	¥ 72,334	¥ 12,321

See note 23 to our consolidated financial statements included elsewhere in this annual report for a description of the nature of the various types of guarantees and commitments.

The contractual or notional amounts of these instruments generally represent the maximum potential amounts of future payments without consideration of possible recoveries under recourse provisions or from collateral held. For example, the amount under commitments to extend credit does not necessarily equal the impact that such commitment will have on our future cash flow, because many of these commitments expire without our making actual credit extensions up to the full commitment amount or at all. Also, many of the agreements related to the commitments to extend credit include terms that allow us to refuse, or reduce the amount of, credit extensions based on changes in the financial environment, declines in the obligor s credit quality and other reasons. Finally, we receive collateral such as real estate and securities at the time of contract as we deem necessary, and we regularly review the credit quality of the customer based on internal guidelines and revise the terms of the contract as we deem necessary to manage credit risk.

Some of our off-balance-sheet arrangements are related to activities of special purpose entities, most of which are variable interest entities. For further information, see note 24 to our consolidated financial statements included elsewhere in this annual report.

Tabular Disclosure of Contractual Obligations

In the normal course of business, we enter into contractual obligations that require future cash payments. The following table sets forth a summary of our contractual cash obligations as of March 31, 2015:

	Due in one year or less	Due from one year to two years	Due from two years to three years	Due from three years to four years	Due from four years to five years	Due after five years	Total
				(in billions of yen)			
Time deposits	¥ 37,117	¥ 1,955	¥ 1,347	¥ 397	¥ 423	¥ 140	¥ 41,379
Certificates of deposit	15,642	44	9				15,695
Long-term debt	1,267	1,827	1,523	4,745	958	4,262	14,582
Capitalized leases	7	7	6	5	3	1	29
Operating leases	48	44	39	34	31	54	250
Total(1)(2)	¥ 54,081	¥ 3,877	¥ 2,924	¥ 5,181	¥ 1,415	¥ 4,457	¥ 71,935

Notes:

(1) A contribution paid to our pension plans, which is not included in the above table, is expected to be approximately ¥49 billion in the fiscal year ending March 31, 2016, based on the current funded status and expected asset return assumptions. For further information, see note 20 to our consolidated financial statements included elsewhere in this annual report.

(2) The amount of unrecognized tax benefits, which is not included in the above table, was ¥1.6 billion, of which ¥0.5 billion was interest and penalties, at March 31, 2015. For further information, see note 19 to our consolidated financial statements included elsewhere in this annual report.

Table of Contents

Recent Accounting Pronouncements

See note 2 to our consolidated financial statements included elsewhere in this annual report.

Reconciliation with Japanese GAAP

Our consolidated financial statements are prepared in accordance with accounting principles and policies as summarized in note 1 to our consolidated financial statements included elsewhere in this annual report. These principles and policies differ in some respects from Japanese GAAP. Under Japanese banking regulations, we are required to report our annual financial results using financial statements prepared under Japanese GAAP. In addition, pursuant to the requirements of the Tokyo Stock Exchange, we prepare quarterly financial statements which are also under Japanese GAAP. To show the major reconciling items between our U.S. GAAP financial statements and our Japanese GAAP financial statements, we have provided below, with respect to our most recent fiscal year, a reconciliation of consolidated net income and shareholders equity under U.S. GAAP with those amounts under Japanese GAAP.

	As of and for the fiscal year ended March 31, 2015	
	Total MHFG shareholders equity	Net income attributable to MHFG shareholders
	(in billions of yen)	
U.S. GAAP	¥ 7,930.3	¥ 803.0
Differences arising from different accounting for:		
1. Derivative financial instruments and hedging activities	37.2	(61.1)
2. Investments	25.1	(280.9)
3. Loans	182.3	10.9
4. Allowances for loan losses and off-balance-sheet instruments	55.8	(14.7)
5. Premises and equipment	(35.4)	(4.0)
6. Land revaluation	182.8	(2.2)
7. Business combinations	(6.6)	(16.9)
8. Pension liabilities	7.2	(22.3)
9. Consolidation of variable interest entities	(9.3)	(34.6)
10. Deferred taxes	(251.1)	132.9
11. Foreign currency translation		107.5
12. Other	46.6	(5.7)
Japanese GAAP	¥ 8,164.9	¥ 611.9

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

1. Derivative financial instruments and hedging activities

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

Table of Contents

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

2. Investments

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

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

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

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

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

3. Loans

Under U.S. GAAP, loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income over the contractual life of the relevant loan using the interest method, while certain fees and costs are recognized in earnings at the time the loan is originated under Japanese GAAP.

In addition, certain loan participations and sales of loans to special purpose vehicles in connection with asset securitization transactions under Japanese GAAP do not meet sales criteria under U.S. GAAP due to different applicable criteria, and therefore the relevant loans are recognized on the balance sheet under U.S. GAAP.

Table of Contents

4. Allowances for loan losses and off-balance-sheet instruments

Under both Japanese GAAP and U.S. GAAP, the allowance for loan losses for specifically identified impaired loans is based on the present value of expected future cash flows discounted at the loan s initial effective interest rate or, as a practical expedient, the loan s observable market price or the fair value of the collateral if the loan is collateral dependent. For certain impaired loans that are aggregated for the purpose of measuring impairment, pools of smaller balance homogeneous loans and other non-homogeneous loans that have not been identified as impaired, the allowance for loan losses is determined based on a formula allowance utilizing historical loss factors, as adjusted, considering recent trends.

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

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

5. Premises and equipment

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

6. Land revaluation

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

7. Business combinations

Under U.S. GAAP, goodwill is not amortized and an impairment loss is recorded to the extent the carrying amount of the goodwill exceeds its estimated fair value at the measurement date. Under Japanese GAAP, goodwill is amortized over an appropriate period not to exceed 20 years and an impairment loss is recorded only if the effects of the goodwill are no longer expected.

Under Japanese GAAP, goodwill is recognized on a step-by-step basis, with the purchase of additional ownership interests in a subsidiary being accounted for in accordance with the requirements of business combination accounting. Under U.S. GAAP, a change in the parent s ownership interest in a subsidiary where the parent retains a controlling financial interest in the subsidiary is accounted for as an equity transaction.

8. Pension liabilities

Under Japanese GAAP, we adopted as of April 1, 2000 pension accounting that is based on the actuarial present value of accrued benefit obligations. The cumulative effect of the accounting change was amortized over

Table of Contents

a specified number of years, and actuarial gains and losses are amortized over a specified number of years. Under U.S. GAAP, we recalculated the benefit obligation at April 1, 2004 and accounted for the obligation as if we had adopted the accounting method in accordance with ASC 715, Compensation Retirement Benefits, beginning in the fiscal year ended March 31, 1990, as permitted for a foreign private issuer. The cumulative effect of the accounting change, as well as actuarial gains and losses since the adoption, had been fully amortized by April 1, 2004.

Under both Japanese GAAP and U.S. GAAP, an employer is required to recognize the overfunded or underfunded status of a defined benefit plan as an asset or liability in its consolidated balance sheets. Actuarial gains or losses and prior service costs or benefits that have not yet been recognized through earnings as net periodic benefit cost are recognized in other comprehensive income, net of tax, until they are amortized as a component of net periodic benefit cost. Actuarial gains or losses are amortized based on corridor approach according to ASC 715 under U.S. GAAP, while they are amortized over a specified number of years under Japanese GAAP. Due mainly to the differences in the balances of actuarial gains or losses and prior service costs or benefits and in amortization methods, there are differences in the amounts of shareholders equity and net income between U.S. GAAP and Japanese GAAP. See note 20 to our consolidated financial statements included elsewhere in this annual report for further discussion.

9. Consolidation of variable interest entities

Under U.S. GAAP, variable interest entities are to be consolidated if we are deemed to be the primary beneficiary of the variable interest entity. Under Japanese GAAP, consolidation is not based on variable interests. We consolidate certain variable interest entities, such as entities related to asset-backed securitizations, investments in securitization products and investment funds. See note 24 to our consolidated financial statements included elsewhere in this annual report for further discussion.

10. Deferred taxes

Under U.S. GAAP, all available evidence, both positive and negative, must be considered to determine whether, based on the weight of that evidence, deferred tax assets are realizable or whether a valuation allowance is needed. Possible sources of taxable income, which are considered to determine whether deferred tax assets are realizable, include net unrealized gains on available-for-sale securities. Under Japanese GAAP, the assessment as to whether deferred tax assets are realizable is primarily based on estimates of future taxable income.

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

11. Foreign currency translation

Under Japanese GAAP, the income statement items of our foreign entities are translated into yen, our presentation currency, using the respective fiscal-year-end exchange rates, while under U.S. GAAP they are translated into the presentation currency using the average rates of exchange for the respective fiscal years. Moreover, under Japanese GAAP, retained earnings in the foreign branches of Mizuho Bank are translated into yen by the exchange rate at the end of the most recent reporting period comprehensively, whereas under U.S. GAAP they are recognized as the sum of the retained earnings for each fiscal year translated by the average rates of exchange for the respective fiscal years.

12. Other

This adjustment reflects the effects of miscellaneous items.

Table of Contents

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

Directors

The following table provides information regarding the directors of Mizuho Financial Group as of June 30, 2015:

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
Yasuhiro Sato	Director	Mar. 2003	Executive Officer / Senior Corporate Officer of International Banking Unit of the former Mizuho Corporate Bank, Ltd.	June 2016
(Apr. 15, 1952)	President & Group CEO (Representative Executive Officer)			
		Apr. 2004	Managing Executive Officer	
	Director of Mizuho Bank, Ltd.			
		Mar. 2006	Managing Director / Head of Corporate Banking Unit	
	Director of Mizuho Trust & Banking Co., Ltd.	Apr. 2007	Deputy President / Chief Auditor	
		Apr. 2009	President & CEO (until July 2013)	
	Director of Mizuho Securities Co., Ltd.			
	Chairman of the Japanese Bankers Association	June 2009	Director of Mizuho Financial Group, Inc.	
		June 2011	Director of the former Mizuho Bank, Ltd.	
			President & Group CEO of Mizuho Financial Group, Inc. (until June 2014)	
		July 2013	President & CEO of Mizuho Bank, Ltd.	
		Apr. 2014	Director (current)	
			Director of Mizuho Trust & Banking Co., Ltd. (current)	

			Director of Mizuho Securities Co., Ltd. (current)	
		June 2014	Director, President & Group CEO of Mizuho Financial Group, Inc. (current)	
Shusaku Tsuhara (Jan. 6, 1960)	Director Senior Managing Executive Officer Head of Compliance Group (Group CCO) Senior Managing Director of Mizuho Bank, Ltd.	Apr. 2010	Executive Officer / General Manager of Executive Secretariat of Mizuho Financial Group, Inc.	June 2016
		Apr. 2012	Managing Executive Officer of the former Mizuho Bank, Ltd.	
		July 2013	Managing Executive Officer of Mizuho Bank, Ltd.	

109

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
		Apr. 2015	Senior Managing Executive Officer / Head of Compliance Group of Mizuho Financial Group, Inc.	
			Senior Managing Director / Head of Compliance Group of Mizuho Bank, Ltd. (current)	
		June 2015	Director, Senior Managing Executive Officer / Head of Compliance Group of Mizuho Financial Group, Inc. (current)	
Ryusuke Aya (May 20, 1960)	Director Managing Executive Officer	Apr. 2010	General Manager of Risk Management Division of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Risk Management Group (Group CRO) Managing Director of Mizuho Bank, Ltd.	Apr. 2012	Executive Officer / General Manager of Risk Management Division of Mizuho Financial Group, Inc. (until Nov. 2013)	
			Executive Officer / General Manager of Risk Management Division of the former Mizuho Bank, Ltd.	
			Executive Officer / General Manager of Risk Management Division of the former Mizuho Corporate Bank, Ltd.	
		July 2013	Executive Officer / General Manager of Risk Management Division of Mizuho Bank, Ltd.	
		Nov. 2013	Managing Executive Officer / Head of Risk Management Group of Mizuho Financial Group, Inc. (until June 2014)	
			Managing Executive Officer / Head of Risk Management Group of Mizuho Bank, Ltd.	
			Managing Executive Officer / In charge of Risk Management Group of Mizuho Trust & Banking Co., Ltd.	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
			Managing Executive Officer / In charge of Risk Management Group of Mizuho Securities Co., Ltd.	
		Apr. 2014	Managing Director / Head of Risk Management Group of Mizuho Bank, Ltd. (current)	
		June 2014	Director, Managing Executive Officer / Head of Risk Management Group of Mizuho Financial Group, Inc. (current)	
Junichi Shinbo (May 21, 1961)	Director Managing Executive Officer Head of Financial Control & Accounting Group (Group CFO) Managing Director of Mizuho Bank, Ltd. President & CEO of Mizuho Financial Strategy Co., Ltd.	Apr. 2010	General Manager of Asset Management Coordination Division of the former Mizuho Corporate Bank, Ltd.	June 2016
		Apr. 2012	Executive Officer / General Manager of Portfolio Management Division of Mizuho Financial Group, Inc. (until Apr. 2014)	
			Executive Officer / General Manager of Portfolio Management Division of the former Mizuho Bank, Ltd.	
			Executive Officer / General Manager of Portfolio Management Division of the former Mizuho Corporate Bank, Ltd.	
		July 2013	Executive Officer / General Manager of Portfolio Management Division of Mizuho Bank, Ltd.	
		Apr. 2014	Managing Executive Officer / Head of Financial Control & Accounting Group of Mizuho Financial Group, Inc.	
			Managing Director / Head of Financial Control & Accounting Group of Mizuho Bank, Ltd. (current)	

President & CEO of Mizuho Financial Strategy Co., Ltd. (current)

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
		June 2014	Director, Managing Executive Officer / Head of Financial Control & Accounting Group of Mizuho Financial Group, Inc. (current)	
Koji Fujiwara (June 29, 1961)	Director Managing Executive Officer Head of Strategic Planning Group (Group CSO) Managing Director of Mizuho Bank, Ltd.	Apr. 2010	General Manager of Investor Relations Division of Mizuho Financial Group, Inc.	June 2016
		Apr. 2012	Executive Officer / General Manager of Investor Relations Division	
		Apr. 2014	Managing Executive Officer / Head of Strategic Planning Group	
			Managing Director / Head of Strategic Planning Group of Mizuho Bank, Ltd. (current)	
		June 2014	Director, Managing Executive Officer / Head of Strategic Group of Mizuho Financial Group, Inc. (current)	
Hideyuki Takahashi (Apr. 20, 1957)	Director Member of the Audit Committee Director of Mizuho Bank, Ltd.	Apr. 2007	Executive Officer / Senior Corporate Officer of Strategic Planning Group of the former Mizuho Corporate Bank, Ltd.	June 2016
		Apr. 2009	Managing Executive Officer / Head of Global Portfolio Management Unit, Head of Financial Institutions & Public Sector Business Unit, Head of Global Alternative Investment Unit	
		Apr. 2010	Managing Executive Officer / Chief Financial Officer and Chief Portfolio Management Officer	
		Apr. 2011	Managing Executive Officer / Chief Financial Officer, Chief Portfolio Management Officer and Chief Information Officer	
		Apr. 2012	Managing Executive Officer / Head of Financial Control & Accounting Group of Mizuho Financial Group, Inc.	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
			Managing Executive Officer / Head of Financial Control & Accounting Group of the former Mizuho Bank, Ltd. (until Apr. 2013)	
			Managing Executive Officer / Head of Financial Control & Accounting Group of the former Mizuho Corporate Bank, Ltd. (until Apr. 2013)	
			Managing Executive Officer / In charge of Strategic Planning, Financial Control & Accounting Group of Mizuho Trust & Banking Co., Ltd. (until Apr. 2014)	
			President & CEO of Mizuho Financial Strategy Co., Ltd. (until Apr. 2014)	
		June 2012	Managing Director / Head of Financial Control & Accounting Group of Mizuho Financial Group, Inc.	
		Apr. 2013	Deputy President / Head of Financial Control & Accounting Group (until Apr. 2014)	
			Deputy President & Executive Officer / Head of Financial Control & Accounting Group of the former Mizuho Bank, Ltd.	
			Deputy President & Executive Officer / Head of Financial Control & Accounting Group of the former Mizuho Corporate Bank, Ltd.	
			Managing Executive Officer / In charge of Financial Control & Accounting Group of Mizuho Securities Co., Ltd. (until Apr. 2014)	
		July 2013	Deputy President & Executive Officer / Head of Financial Control & Accounting Group of Mizuho Bank, Ltd.	
		Apr. 2014	Director of Mizuho Financial Group, Inc. (current)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as director
		June 2014	Director of Mizuho Bank, Ltd. (current)	
Nobukatsu Funaki (Mar. 30, 1959)	Director Member of the Audit Committee	Mar. 2010	Corporate Auditor of the former Mizuho Corporate Bank, Ltd. (until June 2013)	June 2016
		Apr. 2013	Corporate Auditor of Mizuho Securities Co., Ltd. (until June 2014)	
		June 2013	Corporate Auditor of Mizuho Financial Group, Inc.	
		June 2014	Director (current)	
Mitsuo Ohashi[1] (Jan. 18, 1936)	Director Member of the Nominating Committee	Mar. 1959	Joined Mitsui Bank, Ltd.	June 2016
		Dec. 1961	Joined Showa Denko K.K.	
	Senior Counselor of Showa Denko K.K.	May 1988	General Manager of Corporate Planning Division	
	External Statutory Auditor of Fukoku Mutual Life Insurance Company	Mar. 1989	Director / General Manager of Corporate Planning Division	
		Mar. 1993	Managing Director	
		Mar. 1995	Senior Managing Director	
		Mar. 1997	President and Chief Executive Officer	
		Jan. 2005	Representative Director and Chairman of the Board of Directors	
		June 2005	Director of Mizuho Financial Group, Inc. (current)	
		Mar. 2007	Director and Chairman of the Board of Directors of Showa Denko K.K.	
		Mar. 2010	Senior Advisor	

		Mar. 2014	Senior Counselor (current)	
Tetsuo Seki[(1)(2)]	Director	Apr. 1963	Joined Yawata Iron & Steel Co., Ltd.	June 2016
(July 29, 1938)	Member of the Compensation Committee			
		June 1993	Director of Nippon Steel Corporation	
	Member of the Audit Committee	Apr. 1997	Managing Director	

114

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
	General Advisor of the Shoko Chukin Bank, Ltd.	Apr. 2000	Representative Director and Executive Vice President	
		June 2003	Executive Advisor	
		June 2004	Senior Corporate Auditor	
		June 2006	Independent Director of Terumo Corporation (until Sep. 2008)	
		Mar. 2007	Outside Director of Sapporo Holdings Limited (until Sep. 2008)	
		June 2007	Outside Director of Tokyo Financial Exchange Inc. (until Sep. 2008)	
		Oct. 2007	Chairperson of the Japan Corporate Auditors Association (until Oct. 2008)	
			Outside Director of Japan Post Holdings Co., Ltd. (until Sep. 2008)	
		June 2008	Executive Advisor of Nippon Steel Corporation (until Sep. 2008)	
		Oct. 2008	President (Representative Director) of the Shoko Chukin Bank, Ltd.	
		June 2013	General Advisor (current)	
		June 2015	Director of Mizuho Financial Group, Inc. (current)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
Takashi Kawamura[(1)(2)]	Director	Apr. 1962	Joined Hitachi, Ltd.	June 2016
(Dec. 19, 1939)	Member of the Nominating Committee	June 1995	Director	
	Member of the Compensation Committee	June 1997	Executive Managing Director	
	Advisor of Hitachi, Ltd.	Apr. 1999	Executive Vice President and Representative Director	
	Outside Director, Chairman of the Board of Hitachi Chemical Company, Ltd.	Apr. 2003	Director (until June 2007)	
	Chairman of the Board, Outside Director of Hitachi Construction Machinery Co., Ltd.	June 2003	Chairman of the Board and Representative Executive Officer, Hitachi Software Engineering Co., Ltd.	
	Outside Director of CALBEE, Inc.	June 2005	Chairman of the Board, Hitachi Plant Engineering & Construction Co., Ltd. (until June 2009)	
		June 2006	Chairman of the Board, Hitachi Software Engineering Co., Ltd. (until June 2007)	
		June 2007	Chairman of the Board, Hitachi Maxell, Ltd. (until June 2009)	
		Apr. 2009	Representative Executive Officer, Chairman, President and Chief Executive Officer, Hitachi, Ltd.	
		June 2009	Representative Executive Officer, Chairman, President and Chief Executive Officer and Director	
		Apr. 2010	Representative Executive Officer, Chairman and Director	
		Apr. 2011	Chairman of the Board	
		Apr. 2014	Director	
		June 2014	Advisor (current)	
			Director of Mizuho Financial Group, Inc. (current)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
Tatsuo Kainaka[1][2] (Jan. 2, 1940)	Director Member of the Nominating Committee Member of the Compensation Committee Member of the Audit Committee Attorney-at-law at Takusyou Sogo Law Office President of the Life Insurance Policyholders Protection Corporation of Japan Corporate Auditor (External) of Oriental Land Co., Ltd.	Apr. 1966	Appointed as Public Prosecutor	June 2016
		Jan. 2002	Superintending Prosecutor of the Tokyo High Public Prosecutors Office	
		Oct. 2002	Justice of the Supreme Court	
		Mar. 2010	Admitted to the Tokyo Bar Association	
		Apr. 2010	Joined Takusyou Sogo Law Office (current)	
		Jan. 2011	President of the Life Insurance Policyholders Protection Corporation of Japan (current)	
		Nov. 2013	Director of Mizuho Bank, Ltd. (until June 2014)	
		June 2014	Director of Mizuho Financial Group, Inc. (current)	
Hirotake Abe[1][2] (Nov. 13, 1944)	Director Member of the Audit Committee Certified Public Accountant Hirotake Abe Office Outside Corporate Auditor of CONEXIO Corporation	Jan. 1970	Joined Tohmatsu Awoki & Co.	June 2016
		June 1985	Temporarily transferred to Deloitte & Touche New York Office (until Oct. 1992)	
		July 1990	Senior Partner of Tomatsu & Co.	
		June 2001	CEO (until May 2007)	
		June 2004	Executive Member of Deloitte Touche Tohmatsu Limited (until May 2007)	
		June 2007	Senior Adviser of Deloitte Touche Tohmatsu (until Dec. 2009)	

Outside Audit and Supervisory Board Member of NIPPON STEEL & SUMITOMO METAL CORPORATION	Jan. 2010	Established the Certified Public Accountant Hirotake Abe Office (current)
	June 2015	Director of Mizuho Financial Group, Inc. (current)

117

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as director
Hiroko Ota[1][2] (Feb. 2, 1954)	Director	Apr. 1996	Associate Professor, the Graduate School of Policy Science, Saitama University	June 2016
	Member of the Nominating Committee	Oct. 1997	Associate Professor, National Graduate Institute for Policy Studies	
	Professor of National Graduate Institute for Policy Studies	Apr. 2001	Professor, National Graduate Institute for Policy Studies	
	Outside Director of JX Holdings, Inc.	Apr. 2002	Director for Economic Research, Cabinet Office	
	Outside Director of Panasonic Corporation	Mar. 2003	Deputy Director General for Economic Research, Cabinet Office	
		Apr. 2004	Director General for Economic Research, Cabinet Office	
		Aug. 2005	Professor, National Graduate Institute for Policy Studies	
		Sep. 2006	Minister of State for Economic and Fiscal Policy	
		Aug. 2008	Professor, National Graduate Institute for Policy Studies (current)	
		Apr. 2009	Vice-President, National Graduate Institute for Policy Studies (until Mar. 2011)	
		June 2014	Director of Mizuho Financial Group, Inc. (current)	

Notes:

(1) Mr. Ohashi, Mr. Seki, Mr. Kawamura, Mr. Kainaka, Mr. Abe and Ms. Ota satisfy the requirements for an outside director under the Companies Act.

(2) Mr. Seki, Mr. Kawamura, Mr. Kainaka, Mr. Abe and Ms. Ota are independent directors required by the Tokyo Stock Exchange, Inc.

(3) The designation of the Chairman and the Deputy Chairman of the Board of Directors, and the designation of committee members and the Chairman of each committee are as follows:

Chairman of the Board of Directors: Hiroko Ota

Deputy Chairman of the Board of Directors: Hideyuki Takahashi

Nominating Committee members:

Mitsuo Ohashi (Chairman), Takashi Kawamura, Tatsuo Kainaka and Hiroko Ota

Compensation Committee members:

Tatsuo Kainaka (Chairman), Tetsuo Seki and Takashi Kawamura

Audit Committee members:

Hideyuki Takahashi (Chairman), Tetsuo Seki, Tatsuo Kainaka, Hirotake Abe and Nobukatsu Funaki

Table of Contents

Executive Officers

The following table provides information regarding the executive officers of Mizuho Financial Group as of June 30, 2015:

Name **(date of birth)**	**Current positions and** **principal outside positions**		**Business experience**	**Expiration of current term as executive officer**
Yasuhiro Sato (Apr. 15, 1952)	See Directors under this Item 6.A.	See Directors under this Item 6.A.		June 2016
Toshitsugu Okabe (May 2, 1956)	Deputy President & Executive Officer (Representative Executive Officer)	Apr. 2008	Executive Officer / General Manager of Executive Secretariat of Mizuho Financial Group, Inc.	June 2016
	Head of Strategic Planning and Management Control (Personal Banking, Retail Banking and Corporate Banking) and Strategic Planning (Priority Assignments)	Apr. 2009	Managing Executive Officer of the former Mizuho Bank, Ltd.	
		Apr. 2012	Managing Executive Officer / Head of Retail Banking Unit	
			Managing Executive Officer (not full-time) / In charge of coordination with Retail Banking Unit of the former Mizuho Bank, Ltd. of the former Mizuho Corporate Bank, Ltd.	
		Apr. 2013	Deputy President & Executive Officer / Deputy President (Personal Banking Unit and Retail Banking Unit) of Mizuho Financial Group, Inc.	
			Deputy President / Deputy President (Personal Banking Unit and Retail Banking Unit) and Head of Internal Audit Group of the former Mizuho Bank, Ltd. (until July 2013)	
			Deputy President & Executive Officer / Deputy President (In charge of coordination with Personal Banking Unit and Retail Banking Unit of the former Mizuho Bank, Ltd.) and Head of Internal Audit Group of the former Mizuho Corporate Bank, Ltd. (until July 2013)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
		June 2013	Deputy President / Deputy President (Personal Banking Unit and Retail Banking Unit) of Mizuho Financial Group, Inc. (until Sep. 2013)	
		July 2013	Deputy President / Deputy President (Personal Banking Unit and Retail Banking Unit) and Head of Internal Audit Group of Mizuho Bank, Ltd. (until Apr. 2014)	
		Sep. 2013	Deputy President / Deputy President (Personal Banking Unit and Retail Banking Unit) and Head of Compliance Group of Mizuho Financial Group, Inc. (until Apr. 2014)	
		Nov. 2013	Managing Executive Officer / In charge of Compliance Group of Mizuho Trust & Banking Co., Ltd.	
			Managing Executive Officer / In charge of Compliance Group of Mizuho Securities Co., Ltd.	
		Apr. 2014	Deputy President / Deputy President (Head of Strategic Planning and Management Control (Personal Banking, Retail Banking and Corporate Banking)) of Mizuho Financial Group, Inc.	
		June 2014	Deputy President & Executive Officer / Head of Strategic Planning and Management Control (Personal Banking, Retail Banking and Corporate Banking)	
		Apr. 2015	Deputy President & Executive Officer / Head of Strategic Planning and Management Control (Personal Banking, Retail Banking and Corporate Banking) and Strategic Planning (Priority Assignments) (current)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
Daisaku Abe (June 20, 1957)	Deputy President & Executive Officer	Apr. 2007	Executive Officer / General Manager of Executive Secretariat of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of IT & Systems Group (Group CIO)	Apr. 2009	Managing Executive Officer / Head of Strategic Planning Group, Head of IT, Systems & Operations Group and General Manager of Group Strategic Planning of Mizuho Financial Group, Inc.	
	Head of Operations Group (Group COO)	Apr. 2011	Managing Executive Officer / Head of Strategic Planning Group and Head of IT, Systems & Operations Group	
	Deputy President & Executive Officer of Mizuho Bank, Ltd.	Apr. 2012	Managing Executive Officer / Head of IT & Systems Group and Head of Operations Group	
			Managing Executive Officer / Head of IT & Systems Group and Head of Operations Group of the former Mizuho Bank, Ltd. (until Apr. 2013)	
			Managing Executive Officer / Head of IT & Systems Group and Head of Operations Group of the former Mizuho Corporate Bank, Ltd. (until Apr. 2013)	
			Managing Executive Officer / In charge of IT & Systems Group and Operations Group of Mizuho Trust & Banking Co., Ltd. (until Apr. 2014)	
		June 2012	Managing Director / Head of IT & Systems Group and Head of Operations Group of Mizuho Financial Group, Inc.	
		Apr. 2013	Deputy President / Head of IT & Systems Group and Head of Operations Group (until June 2014)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
			Deputy President & Executive Officer / Head of IT & Systems Group and Head of Operations Group of the former Mizuho Bank, Ltd.	
			Deputy President & Executive Officer / Head of IT & Systems Group and Head of Operations Group of the former Mizuho Corporate Bank, Ltd.	
			Managing Executive Officer / In charge of IT & Systems Group and Operations Group of Mizuho Securities Co., Ltd. (until Apr. 2014)	
		July 2013	Deputy President & Executive Officer / Head of IT & Systems Group and Head of Operations Group of Mizuho Bank, Ltd. (current)	
		June 2014	Deputy President & Executive Officer / Head of IT & Systems Group and Head of Operations Group of Mizuho Financial Group, Inc. (current)	
Tadashi Kanki (Oct. 9, 1958)	Senior Managing Executive Officer	Apr. 2008	Executive Officer / General Manager of Corporate Banking Division No.8 of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Internal Audit Group (Group CA)	Apr. 2011	Managing Executive Officer (until Apr. 2013)	
		Apr. 2012	Managing Executive Officer of the former Mizuho Bank, Ltd.	
		Apr. 2013	Managing Executive Officer / Head of Strategic Planning Group of Mizuho Financial Group, Inc.	

Managing Executive Officer / Head of Strategic Planning Group of the former Mizuho Bank, Ltd. (until July 2013)

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
			Managing Executive Officer / Head of Strategic Planning Group of the former Mizuho Corporate Bank, Ltd. (until July 2013)	
			Managing Executive Officer / In charge of Strategic Planning, Financial Control & Accounting Group of Mizuho Trust & Banking Co., Ltd. (until Apr. 2014)	
			Managing Executive Officer / In charge of Strategic Planning Group of Mizuho Securities Co., Ltd. (until Apr. 2014)	
		June 2013	Managing Director / Head of Strategic Planning Group of Mizuho Financial Group, Inc. (until Apr. 2014)	
		July 2013	Managing Executive Officer / Head of Strategic Planning Group of Mizuho Bank, Ltd. (current)	
		Apr. 2014	Senior Managing Director / Head of Internal Audit Group of Mizuho Financial Group, Inc.	
		June 2014	Senior Managing Executive Officer / Head of Internal Audit Group (current)	
Akira Sugano (July 25, 1959)	Senior Managing Executive Officer	Apr. 2009	Executive Officer / General Manager of International Coordination Division of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Strategic Planning and Management Control (International Banking, Investment Banking, Transaction and Asset Management) and Strategic Planning (Priority Assignments)	Apr. 2012	Managing Executive Officer / Head of Investment Banking Unit, Head of Asset Management Unit and In charge of Business Collaboration Division (Securities & Trust Services) of the former Mizuho Bank, Ltd.	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
			Managing Executive Officer / Head of Investment Banking Unit, Head of Asset Management Unit and In charge of Business Collaboration Division (Securities & Trust Services) of the former Mizuho Corporate Bank, Ltd.	
		Apr. 2013	Managing Executive Officer / Head of International Banking Unit and Head of Asset Management Unit of Mizuho Financial Group, Inc. (until Apr. 2014)	
			Managing Executive Officer / Head of Asset Management Unit and In charge of coordination with International Banking Unit of the former Mizuho Corporate Bank, Ltd. of the former Mizuho Bank, Ltd.	
			Managing Executive Officer / Head of International Banking Unit and Head of Asset Management Unit of the former Mizuho Corporate Bank, Ltd.	
		July 2013	Managing Executive Officer / Head of International Banking Unit and Head of Asset Management Unit of Mizuho Bank, Ltd.	
		Apr. 2014	Senior Managing Executive Officer / Head of Strategic Planning and Management Control (International Banking, Investment Banking and Asset Management) of Mizuho Financial Group, Inc. (current)	
		Apr. 2015	Senior Managing Executive Officer / Head of Strategic Planning and Management Control (International Banking, Investment Banking, Transaction and Asset Management) and Strategic Planning (Priority Assignments) (current)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions	Business experience		Expiration of current term as executive officer
Shusaku Tsuhara (Jan. 6, 1960)	See Directors under this Item 6.A.	See Directors under this Item 6.A.		June 2016
Tetsuhiko Saito (Jan. 1, 1961)	Senior Managing Executive Officer	Apr. 2010	Executive Officer / General Manager of Shinbashi Corporate Banking Department of Shinbashi Branch of the former Mizuho Bank, Ltd.	June 2016
	Head of Personal Banking Unit	June 2011	Managing Executive Officer	
	Managing Executive Officer of Mizuho Securities Co., Ltd.	Apr. 2012	Managing Executive Officer / Head of Personal Banking Unit (until July 2013)	
			Managing Executive Officer (not full-time) / In charge of coordination with Personal Banking Unit of the former Mizuho Bank, Ltd. of the former Mizuho Corporate Bank, Ltd. (until July 2013)	
		Apr. 2013	Managing Executive Officer / Head of Personal Banking Unit of Mizuho Financial Group, Inc. (until Apr. 2014)	
		July 2013	Managing Executive Officer / Head of Personal Banking Unit of Mizuho Bank, Ltd.	
		Apr. 2014	Managing Executive Officer / Head of Personal Banking Unit and Head of Retail Banking Unit of Mizuho Financial Group, Inc (until Apr. 2015)	
			Managing Executive Officer / Co-Head of Corporate Investment Services & Retail Business Division, Head of Banking & Trust Collaboration Group, Head of Internet and Contact Center Group of Mizuho Securities Co., Ltd.	
		Oct. 2014	Managing Executive Officer / Co-Head of Corporate Investment Services & Retail Business Division, Head of Internet and Contact Center Group	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
		Apr. 2015	Senior Managing Executive Officer / Head of Personal Banking Unit of Mizuho Financial Group, Inc. (current)	
			Managing Executive Officer / Co-Head of Corporate Investment Services & Retail Business Division of Mizuho Securities Co., Ltd. (current)	
Junichi Kato (July 30, 1957)	Managing Executive Officer	Apr. 2008	Executive Officer of Mizuho Securities Co., Ltd. / President & CEO of Mizuho Bank (Switzerland) Ltd	June 2016
	Head of Markets Unit	Apr. 2009	Managing Executive Officer of the former Mizuho Bank, Ltd.	
	Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2012	Managing Executive Officer / Joint Head of Markets Unit of the former Mizuho Bank, Ltd.	
			Managing Executive Officer / Joint Head of Markets Unit of the former Mizuho Corporate Bank, Ltd.	
		July 2013	Managing Executive Officer / Joint Head of Markets Unit of Mizuho Bank, Ltd.	
		Apr. 2014	Managing Executive Officer / Head of Markets Unit of Mizuho Financial Group, Inc. (current)	
			Managing Executive Officer / Head of Markets Unit of Mizuho Bank, Ltd. (current)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
Katsunobu Motohashi (Nov. 11, 1957)	Managing Executive Officer	Apr. 2009	Executive Officer / General Manager of Treasury Department of Mizuho Trust & Banking Co., Ltd.	June 2016
	Head of Asset Management Unit	Apr. 2010	Managing Executive Officer	
	Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2012	Managing Executive Officer / Head of Pension Business Unit & Asset Management Unit (until Apr. 2014)	
		Apr. 2013	Managing Executive Officer / Deputy Head of Asset Management Unit of Mizuho Financial Group, Inc.	
		Apr. 2014	Managing Executive Officer / Head of Asset Management Unit (current)	
			Managing Executive Officer / Head of Asset Management Unit of Mizuho Bank, Ltd. (current)	
Keiichiro Ogushi (Aug. 20, 1960)	Managing Executive Officer	Apr. 2009	General Manager of Corporate Banking Division No.12 of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Retail Banking Unit	Apr. 2011	Executive Officer / General Manager of Corporate Banking Coordination Division	
	Head of Corporate Banking Unit	Apr. 2012	Executive Officer / General Manager of Corporate Banking Coordination Division (Large Corporations) of the former Mizuho Bank, Ltd.	
	Managing Executive Officer of Mizuho Bank, Ltd.		Executive Officer / General Manager of Corporate Banking Coordination Division (Large Corporations) of the former Mizuho Corporate Bank, Ltd.	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
		Apr. 2013	Managing Executive Officer of the former Mizuho Bank, Ltd.	
			Managing Executive Officer of the former Mizuho Corporate Bank, Ltd.	
		July 2013	Managing Executive Officer of Mizuho Bank, Ltd.	
		Apr. 2015	Managing Executive Officer / Head of Retail Banking Unit and Head of Corporate Banking Unit of Mizuho Financial Group, Inc. (current)	
			Managing Executive Officer / Head of Retail Banking Unit and Head of Corporate Banking Unit of Mizuho Bank, Ltd. (current)	
Tatsufumi Sakai (Aug. 27, 1959)	Managing Executive Officer	Apr. 2009	Senior Corporate Officer of Strategic Planning Group of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of International Banking Unit	Apr. 2011	Executive Officer / Senior Corporate Officer of Strategic Planning Group	
	Managing Executive Officer of Mizuho Bank, Ltd.	July 2011	Executive Officer / Senior Corporate Officer of Strategic Planning Group and General Manager for Strategic Planning Group	
			General Manager for Strategic Planning Group of Mizuho Financial Group, Inc.	
		Apr. 2012	Executive Officer / General Manager of Group Planning Division	

Executive Officer / General Manager of Group Planning Division of the former Mizuho Bank, Ltd.

Executive Officer / General Manager of Group Planning Division of the former Mizuho Corporate Bank, Ltd.

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
		Apr. 2013	Managing Executive Officer / Head of Investment Banking Unit of Mizuho Financial Group, Inc.	
			Managing Executive Officer / Head of Investment Banking Unit and in charge of Business Collaboration Division (Securities & Trust Services) of the former Mizuho Bank, Ltd.	
			Managing Executive Officer / Head of Investment Banking Unit and in charge of Business Collaboration Division (Securities & Trust Services) of the former Mizuho Corporate Bank, Ltd.	
		July 2013	Managing Executive Officer / Head of Investment Banking Unit and in charge of Business Collaboration Division (Securities & Trust Services) of Mizuho Bank, Ltd.	
		Apr. 2014	Managing Executive Officer / Head of International Banking Unit of Mizuho Financial Group, Inc. (current)	
			Managing Executive Officer / Head of International Banking Unit of Mizuho Bank, Ltd. (current)	
Daisuke Yamada (Oct. 10, 1960)	Managing Executive Officer	Apr. 2009	General Manager of Industry Research Division of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Corporate Banking Unit (Large Corporations)	Apr. 2011	Executive Officer / General Manager of Industry Research Division (until Apr. 2013)	
	Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2012		

Executive Officer / General Manager of Industry Research Division of the former Mizuho Bank, Ltd.

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
		Apr. 2013	Managing Executive Officer of the former Mizuho Bank, Ltd.	
			Managing Executive Officer of the former Mizuho Corporate Bank, Ltd.	
		July 2013	Managing Executive Officer of Mizuho Bank, Ltd.	
		Apr. 2014	Managing Executive Officer / Head of Corporate Banking Unit (Large Corporations) of Mizuho Financial Group, Inc. (current)	
			Managing Executive Officer / Head of Corporate Banking Unit (Large Corporations) of Mizuho Bank, Ltd. (current)	
Ryusuke Aya (May 20, 1960)	See Directors under this Item 6.A.	See Directors under this Item 6.A.		June 2016
Junichi Shinbo (May 21, 1961)	See Directors under this Item 6.A.	See Directors under this Item 6.A.		June 2016
Koji Fujiwara (June 29, 1961)	See Directors under this Item 6.A.	See Directors under this Item 6.A.		June 2016
Kazuya Kobayashi (Jan. 5, 1963)	Managing Executive Officer	Apr. 2010	General Manager / Acquisition Finance Division of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Investment Banking Unit	Apr. 2012	Executive Officer / General Manager of Corporate Banking Division No.13	
	Head of Transaction Banking Unit	July 2013	Executive Officer / General Manager of Corporate Banking Division No.13 of Mizuho Bank, Ltd.	

Managing Executive Officer of Mizuho Bank, Ltd.		
	Apr. 2014	Managing Executive Officer / Head of Investment Banking Unit of Mizuho Financial Group, Inc.
		Managing Executive Officer / Head of Investment Banking Unit of Mizuho Bank, Ltd.

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
		Apr. 2015	Managing Executive Officer / Head of Investment Banking Unit and Head of Transaction Banking Unit of Mizuho Financial Group, Inc. (current)	
			Managing Executive Officer / Head of Investment Banking Unit and Head of Transaction Banking Unit of Mizuho Bank, Ltd. (current)	
Kenji Tsujitsugu (Nov. 12, 1962)	Managing Executive Officer	Apr. 2010	General Manager of Financial Institutions & Public Sector Business Coordination Department of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Financial Institution & Public Sector Business Unit	Apr. 2011	General Manager of Financial Institution Banking Division No.2	
	Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2012	General Manager of Fukuoka Corporate Banking Division	
		Apr. 2013	Executive Officer / General Manager of Fukuoka Corporate Banking Division	
		July 2013	Executive Officer / General Manager of Fukuoka Corporate Banking Division of Mizuho Bank, Ltd.	
		Apr. 2015	Managing Executive Officer / Head of Financial Institution & Public Sector Business Unit of Mizuho Financial Group, Inc. (current)	
			Managing Executive Officer / Head of Financial Institution & Public Sector Business Unit of Mizuho Bank, Ltd. (current)	

Table of Contents

Name (date of birth)	Current positions and principal outside positions		Business experience	Expiration of current term as executive officer
Satoshi Ishii (Sep. 1, 1963)	Managing Executive Officer	Apr. 2009	Deputy General Manager of International Coordination Division of the former Mizuho Corporate Bank, Ltd.	June 2016
	Head of Human Resources Group (Group CHRO)	Apr. 2011	General Manager of Executive Secretariat (until July 2013)	
	Managing Executive Officer of Mizuho Bank, Ltd.	Apr. 2013	General Manager for Executive Secretariat of Mizuho Financial Group, Inc. (until Jan. 2014)	
		July 2013	General Manager for Executive Secretariat of Mizuho Bank, Ltd. (until Mar. 2014)	
		Jan. 2014	General Manager for Executive Secretariat and Project Manager of Reorganization Project Team of Mizuho Financial Group, Inc.	
		Apr. 2014	Executive Officer / General Manager of Corporate Secretariat	
			Executive Officer / General Manager of Corporate Secretariat of Mizuho Bank, Ltd.	
		Apr. 2015	Managing Executive Officer / Head of Human Resources Group of Mizuho Financial Group, Inc. (current)	
			Managing Executive Officer / Head of Human Resources Group of Mizuho Bank, Ltd. (current)	

No family relationship exists among any of the directors and executive officers.

6.B. Compensation

Mizuho Financial Group transformed from a Company with Board of Auditors into a Company with Three Committees on June 24, 2014. The following provides information before and after the transformation.

Before the transformation, in accordance with the Companies Act, as a Company with Board of Auditors, compensation for directors and corporate auditors, including bonuses, retirement allowances and incentive stock options, needed to be approved at general meetings of shareholders, as the articles of incorporation did not specify otherwise. The shareholders approval specified the upper limit of the aggregate amount of compensation and included the description of benefits in kind. Compensation for a director or corporate auditor was fixed by the Board of Directors or by consultation among corporate auditors in accordance with Mizuho Financial Group s internal regulations and practice and, in the case of retirement allowances, generally reflected the position of the director or corporate auditor at the time of retirement, the length of his service as a director or corporate auditor and his contribution to the company s performance.

After the transformation, in accordance with the Companies Act, as a Company with Three Committees, compensation for each individual director and executive officer, as defined in the Companies Act, including bonuses, retirement allowances and incentive stock options, needs to be determined at the Compensation Committee, which is required to consist of at least three directors and the majority of which is required to consist of outside directors. See Item 6. C. Board Practices for more information regarding Mizuho Financial Group s corporate governance.

The aggregate compensation, including bonuses and stock compensation-type stock options (stock acquisition rights), but excluding retirement allowances, paid by Mizuho Financial Group and its subsidiaries to the directors, corporate auditors and executive officers, as defined in the Companies Act of Mizuho Financial Group during the fiscal year ended March 31, 2015 was ¥ 241 million, ¥22 million and ¥594 million, respectively.

Listed companies in Japan are required under Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., to disclose the compensation provided to their directors, corporate auditors and executive officers, as defined in the Companies Act for the relevant fiscal year if the aggregate annual compensation per the director/corporate auditor/executive officer, as defined in the Companies Act equals or exceeds ¥100 million (including any compensation provided by major subsidiaries of such listed company as directors and corporate auditors of such subsidiaries). None of Mizuho Financial Group s directors, corporate auditors and executive officers, as defined in the Companies Act received compensation that equaled or exceeded the foregoing amount in the fiscal year ended March 31, 2015.

Mizuho Financial Group and some of its subsidiaries, including the former Mizuho Bank and the former Mizuho Corporate Bank, abolished their respective retirement allowance programs for directors, corporate auditors and officers. At the ordinary general meeting of shareholders held in June 2008, Mizuho Financial Group and such subsidiaries obtained shareholders approval for a payment of lump sum retirement allowances for directors and corporate auditors (other than those elected after such shareholders meeting) at the time of their respective retirement.

In conjunction with the abolishment of the retirement allowance program, Mizuho Financial Group obtained shareholders approval for the introduction of stock acquisition rights for directors (excluding outside directors) at the ordinary general meeting of shareholders held on June 26, 2008. On January 30, 2009, the Board of Directors resolved to issue stock acquisition rights to directors and executive officers and subsequently allotted an aggregate of 5,409 stock acquisition rights on February 16, 2009. As the directors of Mizuho Financial Group, the directors received 435 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of the common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until February 16, 2029. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥190,910 as of March 31, 2015.

On September 3, 2009, the Board of Directors resolved to issue stock acquisition rights to directors and executive officers and subsequently allotted an aggregate of 5,835 stock acquisition rights on September 25, 2009. As the directors of Mizuho Financial Group, the directors received 500 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of the common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until September 25, 2029. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥168,690 as of March 31, 2015.

Table of Contents

On July 30, 2010, the Board of Directors resolved to issue stock acquisition rights to directors and executive officers and subsequently allotted an aggregate of 6,808 stock acquisition rights on August 26, 2010. As the directors of Mizuho Financial Group, the directors received 500 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of the common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until August 26, 2030. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥119,520 as of March 31, 2015.

On November 18, 2011, the Board of Directors resolved to issue stock acquisition rights to directors and executive officers, and subsequently allotted an aggregate of 12,452 stock acquisition rights on December 8, 2011. As the directors of Mizuho Financial Group, the directors received 500 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of the common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until December 8, 2031. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥91,840 as of March 31, 2015.

On July 31, 2012, the Board of Directors resolved to issue stock acquisition rights to directors and executive officers, and subsequently allotted an aggregate of 11,776 stock acquisition rights on August 31, 2012. As the directors of Mizuho Financial Group, the directors received 498 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of the common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until August 31, 2032. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥113,250 as of March 31, 2015.

On January 31, 2014, the Board of Directors resolved to issue stock acquisition rights to directors and executive officers, and subsequently allotted an aggregate of 7,932 stock acquisition rights on February 17, 2014. As the directors of Mizuho Financial Group, the directors received 184 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of the common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until February 17, 2034. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥192,610 as of March 31, 2015.

On May 14, 2014, the Board of Directors determined to delegate to the President & CEO the authority to determine to issue stock acquisition rights to directors and executive officers, provided that Mizuho Financial Group would transform from a Company with Board of Corporate Auditors into a Company with Three Committees. Later, on June 24, 2014, the transformation was approved at the ordinary general meeting of shareholders.

On November 14, 2014, the President & CEO determined to issue stock acquisition rights to directors and executive officers and subsequently allotted an aggregate of 9,602 stock acquisition rights on December 1, 2014. As the directors of Mizuho Financial Group, the directors received 126 stock acquisition rights. Each stock acquisition right represents a right to purchase 1,000 shares of the common stock at ¥1 per share of common stock. The period during which the stock acquisition rights may be exercised shall be until December 1, 2034. Their exercise is conditioned on the holder losing his or her status as director or executive officer. The book value of each stock acquisition right was ¥186,990 as of March 31, 2015.

Table of Contents

Mizuho Financial Group s Compensation Committee resolved, at the meeting held on May 15, 2015, to discontinue the current stock option program along with the introduction of performance payments and performance-based stock compensation for directors and officers. (Regarding the performance payments and performance-based stock compensation, see Mizuho Financial Group Compensation Policy explained below.)

Mizuho Financial Group Compensation Policy

Mizuho Financial Group set out the Mizuho Financial Group Compensation Policy concerning the determination of compensation for each individual director and executive officer (Directors, etc.) of Mizuho Financial Group as well as Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities (Core Subsidiaries).

Executive compensation for Mizuho Financial Group and the Core Subsidiaries pursuant to such policy aims to function as incentive and compensation for each officer to exercise the designated function to the fullest with respect to striving to realize management with consideration to value creation for various stakeholders and improve corporate value through continuous and stable corporate growth based on our basic management policies under our Corporate Identity.

Basic Policy

The basic policy with respect to the determination concerning the individual compensation of Directors, etc., of Mizuho Financial Group and the Core Subsidiaries is set forth below:

- The executive compensation shall be based on the function and responsibility assigned to and the performance of each of the Directors, etc.

- The executive compensation shall give consideration to improving corporate value and creating value for various stakeholders over the medium to long term.

- The executive compensation shall reflect the management environment and business performance of our group.

- The executive compensation shall enable compensation for securing expert personnel such as professionals with a competitive edge in the market.

- The compensation system and standards shall be reevaluated based on such factors as the economic and social conditions and survey data with respect to management compensation provided by external specialized organizations.

- Regulations and guidelines, etc., concerning executive compensation, both in Japan and overseas, shall be complied with.

Compensation System

The compensation system for executive officers, as defined in the Companies Act (including executive officers who are directors), executive officers, as defined in our internal regulations, and directors and executive officers of the Core Subsidiaries responsible for business execution (Officers Responsible for Business Execution) shall be separate from that for the non-executive directors of Mizuho Financial Group and the directors of the Core Subsidiaries responsible for management supervision (Non-Executive Officers Responsible for Management Supervision).

The basic compensation system for Officers Responsible for Business Execution shall consist of basic salaries in the form of fixed compensation as well as variable compensation consisting of performance payments and performance-based stock compensation. The ratio of fixed compensation to variable compensation, the range of variable compensation based on business performance and the payment method shall be designated in light of sound incentivization for sustainable growth and restraint on excessive risk taking, while our taking into account

135

Table of Contents

regulations and guidelines as well as research data, etc., both in Japan and overseas, concerning executive compensation. In principle, the ratio of fixed to variable compensations shall be 6 to 4 and the ratio of performance payments to performance-based stock compensation shall be 1 to 1, based on which the standard amount shall be calculated for each position. The variable compensation shall reflect each officer s performance within the range of 0% to 150% of the standard amount for each position. The basic salaries, the performance payments and the performance-based stock compensation as well as the payment methods, etc., are in principle as set forth below:

1) The basic salaries shall factor in each officer s function and responsibility in addition to the standard amount for each position.

2) The performance payments shall be monetary made as officers incentive to achieve the annual budget and as compensation for their achievement. The payment thereof shall reflect each officer s performance in addition to the standard amount for each position. A system shall be adopted which enables certain amount of deferred payments of the performance payments over three years, as well as a decrease or forfeiture of the deferred amount depending on performance, etc.

3) The performance-based stock compensation shall be paid in the form of shares of common stock of Mizuho Financial Group acquired from the stock market through a trust with an aim to align officers interests with those of the shareholders and increase the incentive to enhance corporate value. The payment thereof shall reflect each officer s performance in addition to the standard amount for each position. A system shall be adopted which enables the entire amount of deferred payments of the performance-based stock compensation over three years, as well as a decrease or forfeiture of the deferred amount depending on performance, etc.

4) The variable compensation intended for professional personnel, etc., appointed from outside the group shall be individually designed based on the duties and characteristics of business responsibilities and market values, etc., of each officer, a system which enables certain amount or a portion of deferred payments and non-monetary payments such as stock, as well as a decrease or forfeiture (clawback) of the deferred amount depending on the performance, etc., of the company and such personnel.

The compensation for Non-Executive Officers Responsible for Management Supervision, in principle, shall be in the form of fixed compensation from the perspective of ensuring the effectiveness of the supervisory function and shall consist of basic salaries and stock compensations.

1) The basic salaries shall factor in each officer s function and responsibilities in addition to the basic amount for each of the full-time and part-time non-executive officers.

2) The stock compensation shall be paid to full-time internal directors excluding outside directors in accordance with the standard amount based on each position. However, the payment standards shall not fluctuate depending on each officer s level of performance. A system shall be adopted which enables the entire amount of deferred payments of the stock compensation over three years, as well as a decrease or forfeiture of the deferred amount depending on performance, etc.

Compensation Determination Process

The Compensation Committee shall determine the determination policy of executive compensation for Mizuho Financial Group and the Core Subsidiaries and the executive compensation system, including the system set out in Compensation System. In addition, the Compensation Committee shall determine the compensation for each individual director and executive officer, as defined in the Companies Act, of Mizuho Financial Group and approve at Mizuho Financial Group the compensation of each individual director of the Core Subsidiaries.

The President & Executive Officer, pursuant to this policy and regulations and detailed rules, etc., shall determine the compensation for each executive officer, as defined in our internal regulations, of Mizuho Financial Group and approve at Mizuho Financial Group the compensation of each individual executive officer of the Core Subsidiaries, etc.

136

Table of Contents

All members of the Compensation Committee shall be appointed from among outside directors (or at least non-executive directors) and the chairman thereof shall be an outside director.

The Compensation Committee, where necessary, may have officers who are not members of the committee (including officers of the Core Subsidiaries) such as the President & Executive Officer and external experts, etc., attend its meetings and request their opinion.

Revision and Abolishment of the Policy

Revision and abolishment of the Policy shall be resolved by the Compensation Committee of Mizuho Financial Group.

6.C. Board Practices

Under the Companies Act, Companies with Three Committees are required to establish a nominating committee, a compensation committee and an audit committee and the majority of the respective committee members must be outside directors, as defined under the Companies Act. Such companies are also required to appoint executive officers under the Companies Act.

Mizuho Financial Group transformed into a Company with Three Committees from a Company with Board of Corporate Auditors in June 2014. The company believes that, under the current legal system, a Company with Three Committees is the most effective as a system to realize the basic policy regarding our corporate governance system for the following reasons:

- To allow executive officers to make swift and flexible decisions on business execution delegated by the Board of Directors and to implement business execution, and to allow the Board of Directors to focus on determining matters such as basic management policies and effectively supervising management.

- To secure to the fullest extent possible a checks and balances function that fully utilizes the viewpoints of outside parties and objectively secure appropriateness and fairness in decision-making through members of the Nominating Committee, the Compensation Committee and the Audit Committee, which consist mainly of outside directors.

- To make possible the creation of systems that are necessary to realize the fundamental perspectives regarding our corporate governance in a form that takes into account what we aim to be and our challenges.

- To be in line with governance systems that are required globally with a strong recognition that we operate globally and are in a position in which we should play a leading role in the industry as a financial group that is a G-SIFI to continue constructing a strong governance system that will agilely respond to domestic and global structural changes and overcome a highly competitive environment; and as a result, to allow us to fulfill our social role and mission, which is to realize continuous and stable corporate growth and improved corporate value and shareholder interests and contribute to domestic and global economic and industrial development and prosperity of society, in response to the demands of our stakeholders.

Pursuant to its articles of incorporation, Mizuho Financial Group has established general meetings of shareholders, individual directors, the Board of Directors, the Nominating Committee, the Compensation Committee, the Audit Committee and an accounting auditor as the primary components of its corporate governance system.

Board of Directors

Under the Companies Act, directors are elected by resolution of the general meetings of shareholders, and their term of office ends at the close of the ordinary general meeting of shareholders relating to the fiscal year ending within a year following their appointment.

In addition, under the Companies Act, the duties of the board of directors include making decisions on business execution and supervision of the execution of duties of directors and executive officers, and by its resolution, it may delegate making decisions on business execution (excluding certain specified matters) to the executive officers.

The main roles of the Board of Directors are making decisions on business execution such as basic management policies, which are legally matters to be determined solely by the Board of Directors, and supervising the execution of duties by directors and executive officers. The Board of Directors shall, in principle, delegate to the President & Executive Officer, who is also the Group CEO, decisions on business execution (excluding matters that are legally required to be determined solely by the Board of Directors), for the purpose of realizing swift and flexible decision-making and expeditious corporate management and strengthening the supervision of directors and executive officers by the Board of Directors.

Pursuant to the articles of incorporation, Mizuho Financial Group has no more than 15 directors and maintains the following structure in order to manage the Board of Directors in an effective and stable manner. In light of the role of the Board of Directors to supervise management, the majority of the members of the Board of Directors consist of outside directors and internal directors who do not concurrently serve as persons performing executive roles (Internal Non-Executive Directors, and together with outside directors, Non-Executive Directors). Currently, the Board of Directors consists of a total of 13 directors (six outside directors, two Internal Non-Executive Directors and five directors concurrently serving as executive officers).

The chairman of the Board of Directors shall, in principle, be an outside director (or at least a Non-Executive Director) in light of the role of the Board of Directors to supervise management. Currently, Ms. Hiroko Ota serves as the chairman of the Board of Directors.

Nominating Committee

Under the Companies Act, the nominating committee is required to consist of at least three directors, and the majority of its members is required to consist of outside directors. The duties of the nominating committee include the determination of the contents of proposals regarding the appointment and dismissal of directors to be submitted to the general meetings of shareholders.

The main roles of the Nominating Committee of Mizuho Financial Group are determining the contents of proposals regarding the appointment and dismissal of directors of Mizuho Financial Group to be submitted to the general meetings of shareholders, exercising the approval rights held by Mizuho Financial Group with respect to the appointment and dismissal of directors of each of Mizuho Bank, Mizuho Trust & Banking and Mizuho Securities (the Core Subsidiaries), and exercising the approval rights held by Mizuho Financial Group with respect to the appointment and removal of representative directors and senior directors of the Core Subsidiaries.

The chairman of the Nominating Committee shall be an outside director, and in principle its members shall be appointed from among outside directors (or at least Non-Executive Directors) in order to ensure objectivity and transparency in the appointment of directors. Currently, all members of the Nominating Committee, including the chairman, are outside directors. As of June 23, 2015, the members of the Nominating Committee are Mr. Mitsuo Ohashi (Chairman), Mr. Takashi Kawamura, Mr. Tatsuo Kainaka and Ms. Hiroko Ota.

Compensation Committee

Under the Companies Act, the compensation committee is required to consist of at least three directors, and the majority of its members is required to consist of outside directors. The duties of the compensation committee include the determination of the compensation for each individual director and executive officer.

The main roles of the Compensation Committee of Mizuho Financial Group are determining the compensation for each individual director and executive officer of Mizuho Financial Group, exercising the

Table of Contents

approval rights held by Mizuho Financial Group regarding compensation of each individual director of the Core Subsidiaries, and determining the basic policies and compensation system for directors and executive officers of Mizuho Financial Group and the Core Subsidiaries.

The chairman of the Compensation Committee shall be an outside director, and in principle its members shall be appointed from among the outside directors (or at least Non-Executive Directors) in order to ensure objectivity and transparency in the compensation of directors and executive officers. Currently, all members of the Compensation Committee, including the chairman, are outside directors. As of June 23, 2015, the members of the Compensation Committee are Mr. Tatsuo Kainaka (Chairman), Mr. Tetsuo Seki and Mr. Takashi Kawamura.

Audit Committee

Under the Companies Act, the audit committee is required to consist of at least three Non-Executive Directors, and the majority of its members is required to consist of outside directors. The duties of the audit committee include the audit of the execution of duties by directors and executive officers and preparation of audit reports.

The main roles of the Audit Committee of Mizuho Financial Group are auditing the execution of duties by the directors and executive officers, monitoring and inspecting the establishment and management of the internal control system of Mizuho Financial Group and its subsidiaries, monitoring and inspecting the condition of the execution of duties with respect to corporate management of subsidiaries and others by executive officers, preparing audit reports, and determining the contents of proposals regarding the appointment, dismissal and non-reappointment of accounting auditors to be submitted to the general meetings of shareholders.

Given that it is necessary for the Audit Committee to gather information through internal directors who are familiar with the financial business and related regulations, share information among the Audit Committee and to have sufficient coordination with internal control departments, Mizuho Financial Group shall in principle appoint one or two Internal Non-Executive Directors as full-time members of the Audit Committee. The majority of its members shall be outside directors. Currently, among the five members of the Audit Committee, two members are appointed among Internal Non-Executive Directors as full-time members of the Audit Committee, and three members are appointed among outside directors. As of June 23, 2015, the members of the Audit Committee are Mr. Hideyuki Takahashi (Chairman), Mr. Tetsuo Seki, Mr. Tatsuo Kainaka, Mr. Hirotake Abe and Mr. Nobukatsu Funaki.

All members of the Audit Committee shall be independent under the provisions of the United States Securities and Exchange Commission and the rules of the New York Stock Exchange. Further, at least one member of the Audit Committee shall be a financial expert as defined under U.S. laws and regulations.

Mizuho Financial Group has established committees and other organizations on a voluntary basis in addition to the above legally-required three committees as set forth below:

Human Resources Review Meeting

Mizuho Financial Group has established the Human Resources Review Meeting that consists of the President & Executive Officer and outside directors who serve as members of the Nominating Committee and the Compensation Committee as a deliberative body that mainly conducts the deliberation of proposals to appoint executive officers, as defined in the Companies Act, and executive officers, as defined in our internal regulations, with title of Mizuho Financial Group and executive officers, as defined in our internal regulations, with title of Core Subsidiaries and assessment of executive officers.

Risk Committee

Mizuho Financial Group has established the Risk Committee that in principle fully consists of Non-Executive Directors or external experts as an advisory body that mainly advises the Board of Directors with respect to the supervision of the determination and the implementation relating to risk governance.

Table of Contents

External Director Session

Mizuho Financial Group has established the External Director Session that consists of all outside directors and the President & Executive Officer as a forum for free discussions with an aim to deepen outside directors understanding of our group and share the top management s awareness of issues through communication among directors.

Executive Officers

Under the Companies Act, Companies with Three Committees are required to appoint at least one executive officer by resolution of the board of directors, and its term of office ends at the close of the meeting of the board of directors initially convened following the close of the ordinary general meeting of shareholders relating to the fiscal year ending within a year following appointment. Executive officers shall decide on the business execution delegated by a resolution of the board of directors and implement business execution.

Executive officers of Mizuho Financial Group take charge of making decisions on business execution delegated by a resolution of the Board of Directors and implementing business execution of Mizuho Financial Group.

Mizuho Financial Group shall appoint as executive officers the Group CEO and, in principle, the following (1) and (2), based on the policy that it is necessary to appoint as executive officers people who make decisions on business execution delegated by the Board of Directors as managers of Mizuho Financial Group and who assume a comprehensive role of business execution.

(1) Persons with the right to give instructions to Unit Heads, Group Heads or the Head of Internal Audit, to the extent that they have been so instructed by the Group CEO; and

(2) All Unit Heads, Group Heads and the Head of Internal Audit.

While the President & Executive Officer is responsible for business execution at Mizuho Financial Group, from the perspective of providing a checks and balances function and ensuring sufficient consideration in connection with decision-making, in principle, determination of delegated matters relating to making decisions on business execution following the transformation into a Company with Three Committees shall be based on deliberation of the Executive Management Committee (however, excluding matters ensured to be deliberated and discussed under sufficient checks and balances by Non-Executive Directors such as through the Nominating Committee, the Compensation Committee and the Human Resources Review Meeting).

Agreements with Directors, etc.

None of the directors has service contracts with Mizuho Financial Group providing for benefits upon termination of service.

Mizuho Financial Group s articles of incorporation, in accordance with the Companies Act, allows the company to enter into an agreement with outside directors that limits their liabilities incurred in connection with their service. The limitation of liabilities under such agreement, if the outside director performed his/her duty in good faith without gross negligence, must be the higher of either (i) a pre-determined amount not less than ¥20 million or (ii) the amount prescribed in laws and regulations, which is currently equivalent to two times the annual compensation such outside director. Pursuant to the provisions, Mizuho Financial Group has entered into such agreements with all of its outside directors that are in office.

Based on the rules of the Tokyo Stock Exchange, listed companies are required to have at least one member of the board of directors to be independent. Currently, five of Mizuho Financial Group s outside directors meet such independence requirements.

For additional information on directors and the board practices, see Item 6.A. Directors and Senior Management Directors and Item 10.B. Additional Information Memorandum and Articles of Association in this annual report.

The rights of holders of American Depositary Receipts, or ADRs, which evidence ADSs, including such ADR holders rights relating to corporate governance practices, are governed by the deposit agreement, which is included as Exhibit 2.2 to this annual report.

Corporate Governance Practices

Companies listed on the New York Stock Exchange, or NYSE, must comply with certain standards regarding corporate governance under Section 303A of the NYSE Listed Company Manual. However, NYSE-listed companies that are foreign private issuers meeting certain criteria, such as Mizuho Financial Group, are permitted to follow home country practices in lieu of certain provisions of Section 303A, and the company is relying on this exemption. See Item 16.G. Corporate Governance for a summary of significant ways in which corporate governance practices of Mizuho Financial Group differ from those followed by NYSE-listed U.S. companies.

6.D. Employees

As of March 31, 2013, 2014 and 2015, we had 55,492, 54,911 and 54,784 employees, respectively, on a consolidated basis, including overseas local staff but excluding advisers and temporary employees. We also had an average of approximately 19,922 temporary employees during the fiscal year ended March 31, 2015.

The following tables show our full-time employees as of March 31, 2015 and the average number of temporary employees for the fiscal year ended March 31, 2015, each broken down based on business segment and geographical location:

Business segment	Number of full-time employees	Average number of temporary employees
Mizuho Bank	34,528	17,091
Mizuho Trust & Banking	4,684	894
Mizuho Securities	8,908	1,427
Others	6,664	510
Total	54,784	19,922

Location	Percentage of full-time employees	Average percentage of temporary employees
Japan	92.0%	99.8%
Americas	2.1	0.0
Europe	1.2	0.1
Asia/Oceania (excluding Japan) and others	4.7	0.1
Total	100.0%	100.0%

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

Table of Contents

6.E. Share Ownership

The following table shows the number of shares of Mizuho Financial Group s common stock owned by its directors and executive officers as of June 30, 2015:

Directors	Number of shares owned
Yasuhiro Sato	34,580
Shusaku Tsuhara	387,500
Ryusuke Aya	143,980
Junichi Shinbo	166,240
Koji Fujiwara	160,900
Hideyuki Takahashi	412,060
Nobukatsu Funaki	13,200
Mitsuo Ohashi	4,400
Tetsuo Seki	
Takashi Kawamura	130,000
Tatsuo Kainaka	4,400
Hirotake Abe	
Hiroko Ota	5,000

Executive Officers	Number of shares owned
Yasuhiro Sato	See above
Toshitsugu Okabe	583,700
Daisaku Abe	275,280
Tadashi Kanki	424,800
Akira Sugano	346,300
Shusaku Tsuhara	See above
Tetsuhiko Saito	411,100
Junichi Kato	58,800
Katsunobu Motohashi	226,640
Keiichiro Ogushi	32,370
Tatsufumi Sakai	44,520
Daisuke Yamada	17,100
Ryusuke Aya	See above
Junichi Shinbo	See above
Koji Fujiwara	See above
Kazuya Kobayashi	21,000
Kenji Tsujitsugu	14,800
Satoshi Ishii	74,100

None of the directors or executive officers is the owner of more than one percent of Mizuho Financial Group s common stock, and no director or executive officer has voting rights with respect to our common stock that are different from any other holder of our common stock.

For information on our stock compensation-type stock options (stock acquisition rights) for directors, see Item 6.B Compensation .

Table of Contents

We maintain an employee stock ownership plan under which participating employees of the companies listed below is able to purchase our shares with funds deducted from such employee s salary and bonus payments. The plan administrator makes open-market purchases of our shares for the account of the plan on a monthly basis. The companies contribute matching funds equivalent to 5% of the amounts contributed. The following table shows the numbers of shares that this plan held as of March 31, 2015:

	As of March 31, 2015	
Plan	**Employer companies**	**Number of shares owned**
Mizuho Employee Stock Ownership Plan	Mizuho Financial Group	
	Mizuho Bank	
	Mizuho Trust & Banking	
	Mizuho Asset Management	
	Mizuho Research Institute	
	Mizuho Information & Research Institute	
Total		104,213,764

Table of Contents

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS
7.A. Major Shareholders

Common Stock

The following table sets forth information about the ten largest holders of shares of our common stock appearing on the register of shareholders as of March 31, 2015:

Name	As of March 31, 2015 Number of shares owned	 Percentage of outstanding shares
Japan Trustee Services Bank, Ltd. (trustee account)	866,823,400	3.52%
The Master Trust Bank of Japan, Ltd. (trustee account)	783,003,000	3.18
The Bank of New York Mellon SA/NV 10	420,887,691	1.71
Nomura Securities Co., Ltd.	353,151,143	1.43
State Street Bank West Client Treaty 505234	310,622,516	1.26
State Street Bank And Trust Company 505223	304,023,553	1.24
Japan Trustee Services Bank, Ltd. (trustee account 9)	286,686,100	1.16
Japan Trustee Services Bank, Ltd. (trustee account 5)	284,612,800	1.16
Japan Trustee Services Bank, Ltd. (trustee account 1)	283,836,500	1.15
Japan Trustee Services Bank, Ltd. (trustee account 6)	282,791,500	1.15
Total	4,176,438,203	16.97%

As of March 31, 2015, there were 203 record holders of our common stock with addresses in the United States, whose shareholdings represented approximately 12% of our outstanding common stock on that date. Because some of these shares were held by brokers or other nominees, the number of record holders with addresses in the United States might not fully reflect the number of beneficial owners in the United States.

Preferred Stock

Classes of preferred stock with shares outstanding as of March 31, 2015 consisted of eleventh series class XI preferred stock, which is non-voting. The following tables set forth information about the ownership of shares of eleventh series class XI preferred stock by our major shareholders of the respective preferred stock as of March 31, 2015, as appearing on the register of preferred shareholders:

Eleventh Series Class XI Preferred Stock

Name	As of March 31, 2015 Number of shares owned	 Percentage of outstanding shares
Marubeni Corporation	14,500,000	6.80%
Shimizu Corporation	10,000,000	4.69
ANA Holdings Inc.	6,000,000	2.82
Kyushu Electric Power Company, Incorporated	5,000,000	2.35
Shiseido Company, Limited	5,000,000	2.35
Chubu Electric Power Company, Incorporated	5,000,000	2.35
Fuji Electric Co., Ltd.	5,000,000	2.35
Nippon Steel & Sumitomo Metal Corporation	4,200,000	1.97
Century Tokyo Leasing Corporation	4,000,000	1.88
Hitachi Urban Investment, Ltd.	4,000,000	1.88
Total	62,700,000	29.42%

Table of Contents

As of March 31, 2015, there were no holders of our preferred stock with addresses in the United States.

To our knowledge, we are not directly or indirectly owned or controlled by any other corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly. We know of no arrangements the operation of which may at a later time result in a change of control.

7.B. Related Party Transactions

We and our subsidiary banks had, and expect to have in the future, banking transactions and other transactions in the ordinary course of business with our related parties. Although, for the fiscal year ended March 31, 2015, such transactions included, but were not limited to, call money, loans, deposits, guarantees and foreign exchange transactions, those transactions were immaterial and were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectability or present other unfavorable features.

During the fiscal year ended March 31, 2015, none of the directors or executive officers or corporate auditors, and none of the close members of their respective families, had any transactions that are material or any transactions that are unusual in their nature or conditions, involving goods, services or tangible or intangible assets, to which we were, are or will be a party, and there were no such transactions proposed as of March 31, 2015.

During the fiscal year ended March 31, 2015, no loans were made to the directors or executive officers or corporate auditors other than loans in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and involving no more than the normal risk of collectability or presenting other unfavorable features.

7.C. Interests of Experts and Counsel

Not applicable.

Table of Contents

ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

Financial Statements

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

Legal Proceedings

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

An Indonesian subsidiary of ours acts as collateral agent for the trustee of bond issuances made by subsidiaries of Asia Pulp & Paper Company Ltd. (APP). In that role, the subsidiary is involved in a dispute between the bondholders and such APP subsidiaries in their capacities as the issuers, guarantors and/or pledgors of security for the bonds relating to foreclosure proceedings on the collateral and has been named as a defendant in a lawsuit brought by the obligors under the bonds in Indonesia. Our consolidated financial statements do not include a reserve in relation to this dispute because we do not believe the resolution of this matter will have a significant impact on our consolidated financial condition or results of operations, although there can be no assurance as to the foregoing.

Dividend Policy

We have been implementing disciplined capital management by pursuing the optimal balance between strengthening of stable capital base and steady returns to shareholders.

Based on the above policy, we paid annual cash dividends for the fiscal year ended March 31, 2015 of ¥7.5 per share of common stock (interim cash dividends of ¥3.5 per share of common stock and year-end cash dividends of ¥4.0 per share of common stock), an increase of ¥1.00 per share of common stock compared with the fiscal year ended March 31, 2014. With respect to Eleventh Series Class XI Preferred Stock, we made dividend payments for the fiscal year ended March 31, 2015 as prescribed.

We intend to distribute dividends twice per year to shareholders of record as of March 31 and September 30 in each year as year-end dividends and as interim dividends, respectively, to return profits to shareholders in a timely way.

In accordance with our articles of incorporation, we determine dividend payments of surplus not by a resolution at a general meeting of shareholders but by a resolution of our Board of Directors, unless otherwise provided for in laws or regulations.

We continuously consider the optimal balance between strengthening of stable capital base and steady returns to shareholders. We will comprehensively consider the business environment such as the Mizuho group s business results, profit base, capital, and domestic and international regulation trends such as the Basel framework and determine cash dividend payments for each term.

8.B. Significant Changes

Except as disclosed in note 33 to our consolidated financial statements, no significant change in our financial position has occurred since the date of the financial statements included in this annual report.

Table of Contents

ITEM 9. THE OFFER AND LISTING
9.A. Listing Details

Market Price Information for Our American Depositary Shares

Our ADSs are listed on the New York Stock Exchange.

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

Fiscal years ended/ending March 31,	Price per ADS High	Price per ADS Low	Average daily trading volume (shares)
2011	4.27	2.67	720,409
2012	3.42	2.43	779,986
2013	4.68	2.80	478,892
2014	4.55	3.62	556,105
2015	4.17	3.22	352,911
2014:			
First quarter	4.55	3.62	1,197,898
Second quarter	4.51	4.02	309,364
Third quarter	4.43	4.06	338,905
Fourth quarter	4.52	3.87	369,508
2015:			
First quarter	4.17	3.82	266,474
Second quarter	4.11	3.55	203,813
Third quarter	3.83	3.32	412,518
Fourth quarter	3.80	3.22	536,075
2016:			
First quarter	4.51	3.53	414.585
Most recent six months:			
January	3.43	3.22	924,940
February	3.72	3.22	429,530
March	3.80	3.53	274,576
April	3.90	3.53	290,555
May	4.41	3.74	373,884
June	4.51	4.12	569,980
July (through July 10)	4.36	4.08	908,323

Table of Contents

Market Prices Information for Our Shares

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

The following table sets forth, for the periods indicated, the high and low trading prices[(1)] and average daily trading volume on the First Section of the Tokyo Stock Exchange for our common stock:

Fiscal years ended/ending March 31,	Price per share High	Low	Average daily trading volume (shares)
2011	192	110	173,457,514
2012	146	98	107,266,520
2013	221	110	142,901,584
2014	240	180	186,546,095
2015	226.6	178.1	132,018,080
2014:			
First quarter	233	180	327,942,982
Second quarter	226	200	134,620,102
Third quarter	229	199	123,454,968
Fourth quarter	240	197	159,242,310
2015:			
First quarter	213	193	97,798,018
Second quarter	209.0	193.1	119,048,543
Third quarter	208.8	178.1	150,495,787
Fourth quarter	226.6	191.0	162,211,157
2016:			
First quarter	280.4	208.6	241,085,838
Most recent six months:			
January	202.3	191.6	125,015,037
February	221.5	191.0	196,771,558
March	226.6	210.1	164,487,459
April	236.6	208.6	181,866,748
May	279.0	223.1	269,232,567
June	280.4	250.1	274,584,009
July (through July 10)	272.5	243.6	275,598,388

(1) Since July 22, 2014, Tokyo Stock Exchange has introduced sub-yen tick sizes for the shares of TOPIX 100 constituents, which contain decimals. Our shares are included in the TOPIX 100 constituents.

9.B. Plan of Distribution

Not applicable.

9.C. Markets

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

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

Table of Contents

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

Table of Contents

ITEM 10. ADDITIONAL INFORMATION
10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

Objects and Purposes in our Articles of Incorporation

Our corporate purpose, as specified in article 2 of our articles of incorporation, which is included in this annual report as Exhibit 1.1, is to engage in the following businesses as a bank holding company:

- operation and management of bank holding companies, banks, long-term credit banks, specialized securities companies and other companies which we may own as our subsidiaries under the Banking Act; and

- any other business incidental to the foregoing.

Our Board of Directors

Under the Companies Act, because we have adopted the Company with Three Committees system, our directors have no power to execute our business except in limited circumstances as permitted by law. If a director also serves concurrently as an executive officer, then he or she can execute our business in the capacity of executive officer. There is no provision in our articles of incorporation as to our directors power to vote on a proposal, arrangement or contract in which a director is materially interested. The Companies Act, however, requires such director to refrain from voting on such matters at meetings of the board of directors.

The amount of compensation to each our director is determined by the Compensation Committee, which consists of our directors, the majority of whom are outside directors (See Item 6.C. Board Practices).

The borrowing powers have been delegated to the executive officers by the Board of Directors in accordance with the Companies Act.

Neither the Companies Act nor our articles of incorporation set a mandatory retirement age for our directors.

There is no requirement concerning the number of shares an individual must hold to qualify as a director under the Companies Act or our articles of incorporation.

Common Stock

General

Set forth below is information concerning our shares of common stock, including brief summaries of certain provisions of our articles of incorporation, our share handling regulations and the Companies Act (*Kaisha Hou*) (Act No. 86 of 2005, as amended) relating to joint stock corporations (*kabushiki kaisha*) and certain related legislation, all as currently in effect.

Under our articles of incorporation, we are authorized to issue 48,000,000,000 shares of common stock.

As of March 31, 2015, 24,621,897,967 shares of common stock were issued.

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

Distribution of Surplus

General

Under the Companies Act, distribution of cash or other assets by a joint stock corporation to its shareholders, including dividends, takes the form of distribution of Surplus (as defined in Restriction on Distribution of Surplus). We are permitted to make distributions of Surplus to our shareholders any number of times per fiscal year, subject to certain limitations described in Restriction on Distribution of Surplus. Under the Companies Act and our articles of incorporation, distributions of Surplus are in principle permitted by a resolution of the board of directors as long as our non-consolidated annual financial statements and certain documents for the latest fiscal year fairly present our assets and profit and loss, as required by an ordinance of the Ministry of Justice. Distributions of Surplus are, however, required to be authorized by a resolution of a general meeting of shareholders if the aforementioned condition is not met.

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

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

Restriction on Distribution of Surplus

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

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

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

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

In the above formula:

A = the total amount of other capital surplus and other retained earnings, each such amount being that appearing on our non-consolidated balance sheet as of the end of the last fiscal year

B = (if we have disposed of our treasury stock after the end of the last fiscal year) the amount of the consideration for such treasury stock received by us less the book value thereof

Table of Contents

C = (if we have reduced our stated capital after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to additional paid-in capital or legal reserve (if any)

D = (if we have reduced our additional paid-in capital or legal reserve after the end of the last fiscal year) the amount of such reduction less the portion thereof that has been transferred to stated capital (if any)

E = (if we have cancelled our treasury stock after the end of the last fiscal year) the book value of such treasury stock

F = (if we have distributed Surplus to our shareholders after the end of the last fiscal year) the total book value of the Surplus so distributed

G = certain other amounts set forth in an ordinance of the Ministry of Justice, including:

- if we have reduced Surplus and increased our stated capital, additional paid-in capital or legal reserve after the end of the last fiscal year, the amount of such reduction; and

- if we have distributed Surplus to shareholders after the end of the last fiscal year, the amount set aside in our additional paid-in capital or legal reserve, if any, as required by ordinances of the Ministry of Justice.

The aggregate book value of Surplus distributed by us may not exceed a prescribed distributable amount (the Distributable Amount), as calculated on the effective date of such distribution. The Distributable Amount at any given time shall be the amount of Surplus less the aggregate of (a) the book value of our treasury stock, (b) the amount of consideration for any of our treasury stock disposed of by us after the end of the last fiscal year and (c) certain other amounts set forth in an ordinance of the Ministry of Justice, including (if the sum of one-half of our goodwill and deferred assets exceeds the total of the stated capital, additional paid-in capital and legal reserve, each such amount being the amount in our non-consolidated balance sheet as of the end of the last fiscal year) all or certain part of such exceeding amount as calculated in accordance with the ordinances of the Ministry of Justice.

If we have become at our option a company with respect to which its consolidated balance sheet should also be considered in the calculation of the Distributable Amount (*renketsu haito kisei tekiyo kaisha*), we shall further deduct from the amount of Surplus the excess amount, if any, of (x) the total amount of the shareholders equity appearing on our non-consolidated balance sheet as of the end of the last fiscal year and certain other amounts set forth by an ordinance of the Ministry of Justice over (y) the total amount of the shareholders equity and certain other amounts set forth by an ordinance of the Ministry of Justice appearing on our consolidated balance sheet as of the end of the last fiscal year. We did not opt for becoming such a company with respect to the fiscal year ended March 31, 2015.

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

Capital and Reserves

We may reduce our additional paid-in capital or legal reserve generally by resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as stated capital. On the other hand, we may reduce our stated capital generally by special resolution of a general meeting of shareholders and, if so decided by the same resolution, may account for the whole or any part of the amount of such reduction as additional paid-in capital or legal reserve. In addition, we may reduce our Surplus and increase either (i) stated capital or (ii) additional paid-in capital and/or legal reserve by the same amount, in either case by resolution of a general meeting of shareholders.

Stock Splits

We may at any time split shares of common stock into a greater number of shares of common stock by determination by executive officers under the authority delegated by resolution of the Board of Directors. When a stock split is to be made, so long as our only class of outstanding stock is the common stock, we may increase the number of authorized shares in the same ratio as that of such stock split by amending our articles of incorporation, of which amendment may be effected by resolution of the Board of Directors without approval by shareholders.

Unit Share System

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

General Meetings of Shareholders

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

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

Voting Rights

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

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

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

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

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

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

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

5. transfer of the whole or a part of our shares in any of our subsidiaries requiring shareholders approval;

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

7. our corporate split requiring shareholders approval;

8. consolidation of shares of common stock;

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

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

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

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

Liquidation Rights

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

Table of Contents

Issue of Additional Shares and Pre-emptive Rights

Holders of the common stock have no pre-emptive rights. Authorized but unissued shares of common stock may be issued at such times and upon such terms as executive officers under the authority delegated by the Board of Directors determine, subject to the limitations as to the issuance of new shares of common stock at a specially favorable price mentioned in Voting Rights.

In the case of an issuance or transfer of shares or stock acquisition rights by way of an allotment to a third party whereby the third party will hold more than 50% of the voting rights of all shareholders, we shall give notice (including a public notice) to our shareholders in advance, and if shareholders who hold one-tenth or more of the voting rights of all shareholders dissent from the third-party allotment, the approval by an ordinary resolution of a general meeting of shareholders is generally required before the payment date for such issuance or transfer pursuant to the Companies Act. In addition, pursuant to the regulations of the stock exchanges in Japan, in the case of an issuance or transfer of shares or stock acquisition rights by way of an allotment to a third party which would dilute the outstanding voting shares by 25% or more or change the controlling shareholder, in addition to a determination by the executive officers, the approval of the shareholders or an affirmative opinion from a person independent of our management is generally required.

Executive officers under the authority delegated by the Board of Directors may, however, determine that shareholders of a particular class of stock shall be given subscription rights to new shares of the same class, in which case they must be given on uniform terms to all shareholders of that class as of a record date of which not less than two weeks prior public notice must be given. Each of the shareholders to whom such rights are given must also be given at least two weeks prior notice of the date on which such rights expire (but see Preferred Stock Issue of Additional Shares and Pre-emptive Rights regarding our preferred stock).

Stock Acquisition Rights

We may issue stock acquisition rights (*shinkabu yoyakuken*). Holders of stock acquisition rights are entitled to acquire shares from us, upon payment of the applicable exercise price, and subject to other terms and conditions thereof. We may also issue bonds with stock acquisition rights (*shinkabu yoyakuken-tsuki shasai*). The issuance of stock acquisition rights and bonds with stock acquisition rights may be authorized by executive officers under the authority delegated by the Board of Directors unless it is made at a specially favorable price or under specially favorable conditions, as described in Voting Rights and subject to the approval of the shareholders or an affirmative opinion from an independent person in certain cases, as described in Issue of Additional Shares and Pre-emptive Rights.

Record Date

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

JASDEC is required to give us notice of the names and addresses of our shareholders, the numbers of shares held by them and other relevant information as of such record date promptly after we set each record date.

Acquisition by Us of Common Stock

We may acquire shares of common stock:

1. by way of purchase on any Japanese stock exchange on which the shares of our common stock are listed or by way of tender offer (in either case pursuant to a resolution of the Board of Directors as long

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

2. from a specific shareholder other than any of our subsidiaries (pursuant to a special resolution of a general meeting of shareholders); or

3. from any of our subsidiaries (pursuant to a determination by executive officers under the authority delegated by the Board of Directors).

In the case of 2. above, any other shareholder may make a request to us to be included as a seller in the proposed purchase, unless the purchase price or any other consideration to be received by the relevant specific shareholder will not exceed the last trading price of the shares on the relevant stock exchange on the day immediately preceding the date on which the resolution mentioned in 2. above was adopted (or, if there is no trading in the shares on the stock exchange or if the stock exchange is not open on such day, the price at which the shares are first traded on such stock exchange thereafter).

The total amount of the purchase price of shares of common stock may not exceed the Distributable Amount, as described in Distribution of Surplus Restriction on Distribution of Surplus.

We may hold the shares of common stock acquired, and may generally transfer or cancel such shares by a determination by executive officers under the authority delegated by the Board of Directors.

Disposal of Shares of Common Stock Held by Shareholders whose Location is Unknown

We are not required to send notices to a shareholder if notices given by us to such shareholder fail to arrive for five consecutive years or more at its address registered in our register of shareholders or otherwise notified to us.

In the above case, if the relevant shareholder also fails to receive dividends on the shares continuously for five years or more at its address registered in our register of shareholders or otherwise notified to us, then we may in general dispose of such shares at their then market price and hold or deposit the proceeds of such disposition on behalf of the relevant shareholder.

Reporting of Substantial Shareholders

The Financial Instruments and Exchange Act and its related regulations require any person who has become, beneficially and solely or jointly, a holder of more than 5% of the total issued shares of capital stock of a company that is listed on any Japanese stock exchange to file a report with the Director of the relevant Local Finance Bureau of the Ministry of Finance within five business days. With certain exceptions, a similar report must also be filed in respect of any subsequent change of 1% or more in the holding or of any change in material matters set forth in any previously filed reports. For this purpose, shares issuable to such person upon conversion of convertible securities or exercise of share subscription warrants or stock acquisition rights are taken into account in determining both the number of shares held by the holder and the company s total issued share capital. Copies of each report must also be furnished to the company issuing the shares and to all the Japanese stock exchanges on which the shares are listed.

There are other reporting requirements under the Banking Act. See Item 4.B. Information on the Company Business Overview Supervision and Regulation Japan Examination and Reporting Applicable to Shareholders.

Holding of Shares of Our Common Stock by Foreign Investors

There are no limitations imposed by the laws of Japan, our articles of incorporation or our other constituent documents on the rights of non-residents or foreign shareholders to hold or exercise voting rights on our shares of common stock or preferred stock.

Transfer of Shares

At present, JASDEC is the only institution that is designated by the relevant authorities as a clearing house which is permitted to engage in the clearing operations of listed shares under the Act on Book-Entry Transfer of Corporate Bonds, Stocks, etc. (Act No. 75 of 2001, including regulations promulgated thereunder; the Book-entry Act). Under the clearing system above, in order for any person to hold, sell or otherwise dispose of listed shares, such person must have an account at an account managing institution unless such person has an account at JASDEC. Account managing institutions are financial instruments business operators (i.e., securities companies), banks, trust companies and certain other financial institutions which meet the requirements prescribed by the Book-entry Act, and only those financial institutions that meet further stringent requirements of the Book-entry Act can open accounts directly at JASDEC. Under the Book-entry Act, any transfer of shares is effected through book entry, and title to the shares passes to the transferee at the time when the transferred number of the shares is recorded at the transferee s account at an account managing institution. The holder of an account at an account managing institution is presumed to be the legal owner of the shares held in such account. Under the Companies Act and the Book-entry Act, in order to assert shareholders rights to which shareholders as of record dates are entitled (such as the rights to vote at a general meeting of shareholders or receive dividends) against us, a shareholder must have its name and address registered in our register of shareholders. Under the clearing system, such registration is made upon our receipt of necessary information from JASDEC. On the other hand, in order to assert shareholders rights to which shareholders are entitled regardless of record dates such as minority shareholders rights including the right to propose a matter to be considered at a general meeting of shareholders, except for shareholders rights to request us to purchase or sell shares constituting less than a full unit (as described in Unit Share System), upon the shareholder s request, JASDEC shall issue a notice of certain information, including the name and address of such shareholder, to us. Thereafter, such shareholder is required to present us a receipt of the request of the notice in accordance with our share handling regulations. Under the Book-entry Act, the shareholder shall exercise such shareholders right within four weeks after the notice above. Non-resident shareholders are required to appoint a standing proxy in Japan or provide a mailing address in Japan. Each such shareholder must give notice of such standing proxy or mailing address to the relevant account managing institution. Such notice will be forwarded to us through JASDEC. Japanese securities companies and commercial banks customarily act as standing proxies and provide related services for standard fees. Notices from us to non-resident shareholders are delivered to such standing proxies or mailing addresses.

Under the clearing system, shares constituting less than one unit are transferable. Under the rules of the Japanese stock exchanges, however, shares constituting less than one unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on Japanese stock exchanges.

Our transfer agent is Mizuho Trust & Banking, located at 2-1, Yaesu 1-chome, Chuo-ku, Tokyo 103-8670, Japan.

The registered holder of deposited shares underlying the ADSs is the depositary for the ADSs. Accordingly, holders of ADSs will not be able to directly assert their shareholders rights against us.

Preferred Stock

The following is a summary of information concerning the shares of our preferred stock, including brief summaries of the relevant provisions of our articles of incorporation, our share handling regulations and the Companies Act and certain related legislation, all as currently in effect. The detailed rights of our preferred stock are set forth in our articles of incorporation and the resolutions of our Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors relating to the issuance of the relevant series of preferred stock.

Table of Contents

General

Under our articles of incorporation, we are authorized to issue 914,752,000 shares of class XI preferred stock, 900,000,000 shares of each of the first to fourth series of class XIV preferred stock (provided that the aggregate number of shares authorized to be issued with respect to the four series of class XIV preferred stock may not exceed 900,000,000 shares), 900,000,000 shares of each of the first to fourth series of class XV preferred stock (provided that the aggregate number of shares authorized to be issued with respect to the four series of class XV preferred stock may not exceed 900,000,000 shares), 1,500,000,000 shares of each of the first to fourth series of class XVI preferred stock (provided that the aggregate number of shares authorized to be issued with respect to the four series of class XVI preferred stock may not exceed 1,500,000,000 shares).

As of March 31, 2015, 914,752,000 shares of eleventh series class XI preferred stock were issued.

Preferred Dividends

Payment of annual dividends on shares of common stock is subject to the prior payment on shares of preferred stock. The amount of preferred dividends for each series of the preferred stock is as follows:

Eleventh series class XI preferred stock bears an annual non-cumulative dividend of ¥20 per share, and in the event we pay an interim dividend, holders are entitled to receive ¥10 per share in preference to common stock.

Each of the first to fourth series of class XIV preferred stock (currently not in issue) bears an annual non-cumulative dividend of the amount to be determined by resolution of the Board of Directors or determination by executive officer(s) under the authority delegated by the Board of Directors at the time of issuance, up to a maximum of ¥100 per share, and in the event we pay an interim dividend, holders are entitled to receive one half of such amount per share in preference to common stock.

Each of the first to fourth series of class XV preferred stock (currently not in issue) bears an annual non-cumulative dividend of the amount to be determined by resolution of the Board of Directors or determination by executive officer(s) under the authority delegated by the Board of Directors at the time of issuance, up to a maximum of ¥100 per share, and in the event we pay an interim dividend, holders are entitled to receive one half of such amount per share in preference to common stock.

Each of the first to fourth series of class XVI preferred stock (currently not in issue) bears an annual non-cumulative dividend of the amount to be determined by resolution of the Board of Directors or determination by executive officer(s) under the authority delegated by the Board of Directors at the time of issuance, up to a maximum of ¥100 per share, and in the event we pay an interim dividend, holders are entitled to receive one half of such amount per share in preference to common stock.

The amount of any preferred interim dividend will be deducted from the preferred dividend payable on preferred stock in respect of the same fiscal year.

No payment of dividends on our preferred stock or any other stock may be made unless we have sufficient Distributable Amount and a resolution to pay such dividend is obtained at the Board of Directors or at the relevant general meeting of shareholders, as the case may be.

Dividends on our preferred stock are non-cumulative. If the full amount of any dividend is not declared on our preferred stock in respect of any fiscal year, holders of our preferred stock do not have any right to receive dividends in respect of the deficiency in any subsequent fiscal year, and we will have no obligation to pay the deficiency or to pay any interest regardless of whether or not dividends are paid in respect of any subsequent fiscal year. The holders of our preferred stock are not entitled to any further dividends or other participation in or distribution of surplus.

Table of Contents

Liquidation Rights

In the event of our voluntary or involuntary liquidation, holders of our preferred stock will be entitled, equally in rank as among themselves and in preference over shares of common stock, to receive a distribution of ¥1,000 per share out of our residual assets upon our liquidation.

Holders of our preferred stock are not entitled to any further dividends or other participation in or distribution of our residual assets upon our liquidation.

Voting Rights

No holder of preferred stock has a right to receive notice of, or to vote at, a general meeting of shareholders, except as otherwise specifically provided under the Companies Act or other applicable law or our articles of incorporation. Under our articles of incorporation, holders of units of our preferred stock will be entitled to receive notice of, and to vote at, general meetings of shareholders:

- from the commencement of any ordinary general meeting of shareholders if an agenda for approval to declare a preferred dividend is not submitted to such meeting (except in the case where a resolution of the Board of Directors to pay the preferred dividends is made pursuant to our articles of incorporation between the last day of the business year and the date of such meeting); or

- from the close of any ordinary general meeting of shareholders if a proposed resolution to declare a preferred dividend is not approved at such meeting,

until such time as a resolution of the Board of Directors to pay the preferred dividends is made pursuant to our articles of incorporation or a resolution of an ordinary general meeting of shareholders declaring a preferred dividend is approved.

A separate resolution of a meeting of the holders of the preferred stock is required in order to approve the following matters which would prejudice the interests of the holders of the relevant preferred stock:

(i) an amendment to the articles of incorporation to add new classes of shares to be issued, alter the terms of the shares or increase the number of authorized number of shares or authorized number of any class of shares, with certain exceptions;

(ii) consolidation or split of shares;

(iii) pro rated allocation of shares or stock acquisition rights to shareholders without any consideration;

(iv) granting pre-emptive rights for new shares or stock acquisition rights to shareholders;

(v) amalgamations or mergers;

(vi) certain corporate splits;

(vii) share exchanges;

(viii) share transfers; and

(ix) other matters set forth in the articles of incorporation.

Such separate resolution is not required when the articles of incorporation so provide, except in the case of (i) above.

A separate resolution of a meeting of the holders of the common stock is also required in cases where the above matters would prejudice the interests of the holders of the common stock.

Table of Contents

Under our articles of incorporation, in cases where a matter to be resolved at an ordinary general meeting of shareholders is required to be approved by such separate resolution, the record date for the relevant meeting of the holders of the common stock or the preferred stock, as the case may be, is the same date as the record date for the ordinary general meeting of shareholders, when is March 31 of each year.

Ranking

We will not (unless the requisite sanction has been given by holders of preferred stock) create or issue any other shares ranking, as regards order of participation in the profits or assets of us on a liquidation or otherwise, in priority to the preferred stock in issue, but we may issue, without obtaining the consent of holders of the preferred stock in issue, other preferred stock ranking pari passu with the preferred stock in issue as regards the order of such participation in profits or assets of us and carrying such rights as to rates of preferred dividends or terms of conversion as the Board of Directors may determine, subject to the limitations set forth in our articles of incorporation and the Companies Act.

Acquisition of Preferred Stock

We may, if required, subject to regulatory approval, acquire any shares of the preferred stock then outstanding at any time out of the Distributable Amount (as defined in Common Stock Restriction on Distribution of Surplus). On or after the date to be determined by a resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors relating to the issuance of the relevant preferred stock, we may also acquire all or a portion of each series of the first to fourth series of class XV (currently not in issue) or the first to fourth series of class XVI preferred stock (currently not in issue) at the acquisition price to be determined by a resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the board of directors relating to the issuance of the relevant preferred stock on the date separately determined by a resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors, without consent of the holders of such preferred stock. When a portion of a certain class of preferred stock is acquired, such acquisition shall be made from each holder thereof in number of shares determined by way of a lot or pro rata allocation.

Stock Splits

Our articles of incorporation provide that no stock split, stock consolidation or free distribution of stock shall be made in respect of the preferred stock unless otherwise provided for in any law or regulation.

Issue of Additional Shares and Pre-emptive Rights

Our articles of incorporation provide that no holder of our preferred stock has any pre-emptive right to subscribe for or purchase shares, stock acquisition rights or bonds with stock acquisition rights in the event of an issuance of additional shares or bonds and that no free distribution of stock acquisition rights may be made to the holders of our preferred stock.

Conversion

Our articles of incorporation provide that holders of class XI, the first to fourth series of class XIV (currently not in issue) or the first to fourth series of class XV (currently not in issue) preferred stock may, at their option, convert their shares to common stock by requesting us to acquire such shares and issue or transfer common stock to them. Other classes of our preferred stock are non-convertible.

Our articles of incorporation also provide that class XI, the first to fourth series of class XIV (currently not in issue) or the first to fourth series of class XV (currently not in issue) preferred stock outstanding on the last day of the acquisition period will be mandatorily acquired by us on the immediately following day (the mandatory conversion date) in consideration of shares of common stock of which number shall be calculated at the then-current market price per share of our common stock (the mandatory conversion price).

Eleventh series class XI preferred stock may, at the option of the holder thereof, be acquired at any time from July 1, 2008 to June 30, 2016 in consideration of shares of common stock of which number shall be calculated at ¥282.90 per share, subject to anti-dilution adjustments due to, among other things, issuance of new shares of our common stock at issue price below the market price. For the purpose of determining the mandatory conversion price and the conversion price adjusted pursuant to the anti-dilution clause, the market price shall mean the average price of daily closing prices of our common stock on the Tokyo Stock Exchange for the 30 consecutive trading days commencing on the 45th trading day prior to the mandatory conversion date or the date on which the conversion price after the adjustment becomes effective, respectively. Anti-dilution adjustments are triggered upon an issuance of common stock at prices that are lower than the then current market price, stock splits and free allotments of common stock, and other similar events, so that the impact of these events are properly reflected in the conversion price.

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

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

Note:

(1) Conversion of the preferred stock is conducted through the acquisition of the relevant shares of preferred stock by us followed by the delivery of the applicable number of shares of common stock. As such, the word acquisition is used in lieu of conversion in our articles of incorporation.

Acquisition of Preferred Stock without Consideration or in Exchange for Common Stock

In order to enable the relevant preferred stock to meet the criteria for inclusion in Additional Tier 1 capital under the capital adequacy guidelines of the Financial Services Agency under the Basel III rules, the first to fourth series of class XIV (currently not in issue), the first to fourth series of class XV (currently not in issue) and the first to fourth series of class XVI (currently not in issue) preferred stock have the following feature.

In respect of the first and second series of class XIV(currently not in issue), the first and second series of class XV (currently not in issue) and the first and second series of class XVI (currently not in issue) preferred stock, upon the occurrence of an event determined by a resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the board of directors relating to the issuance of the relevant preferred stock as an event where a write-off of the relevant preferred stock or a conversion of the relevant preferred stock into common stock, or financial support or other similar measures taken by a public sector, without which we would become non-viable, is determined to be necessary, we shall mandatorily acquire the relevant preferred stock, in whole, free of consideration, on a date which falls after the occurrence of such event as determined by the resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors relating to the issuance of the relevant preferred stock and which date shall be separately determined by a resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors after the issuance of the relevant preferred stock, or a date which falls after the occurrence of the relevant certain event and which date shall be determined

Table of Contents

by the resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors relating to the issuance of the relevant preferred stock, giving due consideration to the capital adequacy requirements applicable to us and other factors.

In respect of the third and fourth series of class XIV (currently not in issue), the third and fourth series of class XV (currently not in issue) and the third and fourth series of class XVI (currently not in issue) preferred stock, upon the occurrence of an event determined by a resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors relating to the issuance of the relevant preferred stock as an event where a write-off of the relevant preferred stock or a conversion of the relevant preferred stock into common stock, or financial support or other similar measures taken by a public sector, without which we would become non-viable, is determined to be necessary, we shall mandatorily acquire the relevant preferred stock, in whole, on a date which falls after the occurrence of such event as determined by the resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors relating to the issuance of the relevant preferred stock and which date shall be separately determined by a resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors after the issuance of the relevant preferred stock, or a date which falls after the occurrence of the relevant certain event and which date shall be determined by the resolution of the Board of Directors or a determination by executive officer(s) under the authority delegated by the Board of Directors relating to the issuance of the relevant preferred stock, giving due consideration to the capital adequacy requirements applicable to us and other factors, and instead, we shall deliver our own common stock to holders of the relevant preferred stock. In this case, the terms of acquisition, including the number of shares of the common stock to be delivered in exchange for the acquisition of one (1) share of the relevant preferred stock, shall be determined by the resolution of the relevant Board of Directors or the determination by relevant executive officer(s) under the authority delegated by the Board of Directors relating to the issuance of the relevant preferred stock, giving due consideration to the market price of common stock, the subscription price of the relevant preferred stock and other factors.

10.C. Material Contracts

There were no material contracts entered into by us for the two years preceding the filing of this annual report that were not entered into in the ordinary course of business.

10.D. Exchange Controls

Foreign Exchange and Foreign Trade Act

The Foreign Exchange and Foreign Trade Act of Japan and the cabinet orders and ministerial ordinances incidental thereto, collectively the Foreign Exchange Act, set forth, among other matters, the regulations relating to the receipt by non-residents of Japan of payment with respect to shares to be issued by us and the acquisition and holding of shares by non-residents of Japan and foreign investors, both as defined below. It also applies in some cases to the acquisition and holding of ADSs representing such shares acquired and held by non-residents of Japan and by foreign investors. Generally, the Foreign Exchange Act currently in effect does not affect the right of a non-resident of Japan to purchase or sell ADSs outside Japan for non-Japanese currency.

Non-residents of Japan are defined as individuals who are not resident in Japan and corporations whose principal offices are located outside Japan. Generally, the branches and offices of non-resident corporations that are located in Japan are regarded as residents of Japan while the branches and offices of Japanese corporations located outside Japan are regarded as non-residents of Japan.

Foreign investors are defined as:

- individuals not resident in Japan;

judicial persons or other organizations that are organized under the laws of foreign countries or whose principal offices are located outside Japan;

corporations of which 50% or more of the shares are held by individuals not resident of Japan and/or judicial persons or other organizations that are organized under the laws of foreign countries or whose principal offices are located outside Japan; and

judicial persons or other organizations, a majority of officers (or a majority of officers having the power of representation) of which are non-resident individuals.

Dividends and Proceeds of Sales

Under the Foreign Exchange Act, dividends paid on, and the proceeds of sales in Japan of, shares held by non-residents of Japan may in general be converted into any foreign currency and repatriated abroad. The acquisition of our shares by non-residents of Japan by way of a stock split is not subject to any notification or reporting requirements.

Acquisition of Shares

In general, a non-resident of Japan who acquires shares from a resident of Japan is not subject to any prior filing requirement, although the Foreign Exchange Act empowers the Minister of Finance of Japan to require prior approval for any such acquisition in certain limited circumstances. While such prior approval is not required in general, in the case where a resident of Japan transfers shares of a Japanese company for consideration exceeding ¥100 million to a non-resident of Japan, the resident of Japan that transfers the shares is required to report the transfer to the Minister of Finance of Japan within 20 days from the date of the transfer or the date of the payment for such transfer, whichever is later, unless the transfer is made through a bank or financial instruments business operator licensed or registered under Japanese law.

If a foreign investor acquires our shares and, together with parties who have a special relationship with that foreign investor, holds 10% or more of our issued shares as a result of such acquisition, the foreign investor must file a report of such acquisition with the Minister of Finance and any other competent Minister on or before the 15th day of the month following the month in which the acquisition was made, in principle. In certain limited circumstances, however, a prior notification of such acquisition must be filed with the Minister of Finance and any other competent Minister, who may modify or prohibit the proposed acquisition.

Deposit and Withdrawal under American Depositary Facility

The deposit of shares with Mizuho Bank, in its capacity as custodian and agent for the depositary, in Tokyo, the issuance of ADSs by the depositary to a non-resident of Japan in respect of the deposit and the withdrawal of the underlying shares upon the surrender of the ADR are not subject to any of the formalities or restrictions referred to above. However, where as a result of a deposit or withdrawal the aggregate number of shares held by the depositary, including shares deposited with Mizuho Bank as custodian for the depositary, or the holder surrendering the ADR, as the case may be, would be 10% or more of the total outstanding shares, a report will be required, and in specified circumstances, a prior notification may be required, as noted above.

10.E. Taxation

Japanese Taxation

The following is a general summary of major Japanese tax consequences (limited to national tax) to holders of shares of our common stock or ADSs representing shares of our common stock who are non-residents of Japan or non-Japanese corporations without a permanent establishment in Japan, which we refer to as non-resident holders in this section. The statements regarding Japanese tax laws set forth below are based on the laws and treaties in force and as interpreted by the Japanese tax authorities as at the date of this Annual Report and are

Table of Contents

subject to changes in the applicable Japanese laws or tax treaties, conventions or agreements, or interpretations thereof, occurring after that date. This summary is not exhaustive of all possible tax considerations that may apply to a particular investor, and potential investors are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of shares of our common stock or ADSs, including specifically the tax consequences under Japanese law, the laws of the jurisdiction of which they are resident, and any tax treaty, convention or agreement between Japan and their country of residence, by consulting their own tax advisers.

For the purpose of Japanese tax law and the tax treaty between the United States and Japan, a U.S. holder of ADSs will generally be treated as the owner of the shares underlying the ADSs evidenced by the ADRs.

Generally, a non-resident holder of shares of our common stock or ADSs is subject to Japanese income tax collected by way of withholding on dividends paid by us, and such tax will be withheld prior to payment of dividends. Stock splits are, in general, not a taxable event.

In the absence of an